

TEX-RAY INDUSTRIAL CO., LTD.
Parent Company Only Financial Report
and Independent Auditor's Audit
Report

2024 and 2023 (after restatement)

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Independent Auditor's Audit Report

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

Audit Opinion

We have audited the balance sheet of TEX-RAY INDUSTRIAL CO., LTD. on December 31, 2024 and 2023 (after restatement), and the comprehensive income statement, statement of changes in equity and cash flow statement from January 1 to December 31, 2024 and 2023 (after restatement) as well as notes to the parent company only financial report (including the summary of significant accounting policies).

In our opinion, the parent company only financial report referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretation Announcements issued by the Financial Supervisory Commission, and are fairly stated in terms of the financial position of the Company on December 31, 2024 and 2023 (after restatement), and the financial performance and cash flows from January 1 to December 31, 2024 and 2023.

Basis of the Audit Opinion

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Generally Accepted Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities section of the audit of the parent company only financial report. We are independent from the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained sufficient and appropriate audit evidence as the basis for expressing our audit opinion.

Key Audit Matters

A key audit matter is one that, in our professional judgment, is material to the audit of the parent company only financial statements of the Company for 2024. These matters were addressed in the context of our audit of the parent company only financial report as a whole, and we do not provide a separate opinion on these matters. The key audit matters in the audit of the consolidated financial statements are as follows:

I. Revenue recognition

For accounting policies related to revenue recognition, please refer to Note 4(15) of the parent company only financial report on revenue recognition. For details on revenue recognition, please refer to Note 6(17) of this parent company only financial report on revenue from customer contracts.

Description of Key Audit Matters:

The Company is engaged in the garment and textile industry. In order to strengthen its international competitiveness, the Company adopts a business strategy of global layout to add overseas multi-point production and sales supply chains. However, the impact of local laws and political and economic changes in various countries has significantly increased, so its revenue recognition is a matter of high concern. Therefore, revenue recognition is one of the important evaluation items for us to perform the audit of the parent company only financial report.

Corresponding audit procedures:

Our main audit procedures for the above-mentioned key audit matters included: understanding the control mechanism of the Company's internal control system regarding sales receipts and revenue recognition, and conducting detailed revenue testing, spot checks on orders, shipments, invoices, accounts receivable, and collection operations, or issuing letters to confirm the appropriateness of revenue recognition for major customers' sales records. In addition, we spot checked transactions before and after the balance sheet date, verified relevant transaction documents, and evaluated whether the timing of revenue recognition was appropriate.

II. Impairment assessment of accounts receivable

Please refer to Note 4(6) of the parent company only financial report for detailed accounting policies regarding impairment of accounts receivable; please refer to Note 5(1) of the parent company only financial report for detailed accounting estimates and assumptions regarding the evaluation of accounts receivable as of the financial reporting date; please refer to Note 6(3) of the parent company only financial report for a detailed explanation of accounts receivable items.

Description of Key Audit Matters:

On December 31, 2024, the accounts receivable amount of the Company was NT\$389,964 thousand. Considering that its trading partners are dispersed in different industries and geographical regions, the management of its customer credit risk is important. Therefore, accounts receivable is one of the important evaluation items for us to perform the audit of the parent company only financial report.

Corresponding audit procedures:

Our main audit procedures for the above-mentioned key audit item include: spot checking the control mechanism of the Company's customer credit evaluation, analyzing the accounts receivable aging table and past collection experience and post-inspection collection records to confirm that the impairment of accounts receivable has been appropriately evaluated.

Responsibilities of the Management and the Governance Unit for the Parent Company Only Financial Report

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International

Accounting Standards, and interpretations and interpretation announcements for the preparation of the consolidated financial report in a fair manner, and maintain necessary internal controls related to the preparation of the parent company only financial report to ensure that there are no material misstatements resulting from fraud or error in the parent company only financial report.

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

The Company's governance unit (including the Audit Committee) is responsible for overseeing the financial reporting process.

Responsibilities of the Independent Auditor for the Parent Company Only Financial Report

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance means a high level of assurance, but an audit conducted in accordance with the Generally Accepted Auditing Standards of the Republic of China does not provide assurance that material misstatements in the parent company only financial report can be detected. Misstatements may arise from fraud or error. They 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 the parent company only financial report.

We exercised professional judgment and professional suspicion when conducting the audit in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial report, 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 the management.
4. Conclude on the appropriateness of the 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 need to draw the user's attention in our auditors' report to the related disclosures in the parent company only financial report 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 audit 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 parent company only financial report, including the disclosures, and whether the parent company only financial report represents the underlying transactions and events in a fair manner.
6. Obtain sufficient and appropriate audit evidence for the financial information of investee companies using the equity method to express opinions on the parent company only financial report. We are responsible for the guidance, supervision and execution of the audit for the Company, and forming our audit opinion on the Group.

We communicate with the governance unit 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 provided the governance unit with a statement that the personnel of our affiliated accounting firm who are subject to independence regulations have complied with the declaration of independence in the Code of Ethics for CPAs of the Republic of China, and have communicated with the governing unit all relationships and other matters that may be considered to affect our independence (including relevant protective measures).

From the matters communicated with the governance unit, we determined the key audit matters in the audit of the Company's parent company only financial report of 2024. We describe these matters in our audit report unless the laws or regulations preclude the public disclosure of specific matters, or we, in extremely rare circumstances, determine that specific matters should not be communicated in our audit report because the adverse consequences of such communication can be reasonably expected to outweigh the public interest.

KPMG in Taiwan

Name of

CPAs:

Certification approval number of the securities regulator	:	Jin-Guan-Zheng-Shen No.	
		20240332775	
		Jin-Guan-Zheng-Shen No.	
		0940129108	

March 27, 2025

TEX-RAY INDUSTRIAL CO., LTD.

Balance Sheet

December 31, 2024 and 2023 (after restatement)

Unit: NTD Thousand

Assets	2024.12.31		2023.12.31 (after restatement)		Liabilities and Equity	2024.12.31		2023.12.31 (after restatement)	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (Notes 6(1) and 12(2))	NT\$622,771	10	610,330	11	2100 Short-term borrowings (Note 6(9))	\$ 475,000	8	320,000	6
1161 Notes receivable - related party (Note VII)	143	-	-	-	2110 Short-term notes payable (Note 6(10))	788,998	13	709,282	12
1170 Accounts receivable, net (Notes 6(3) and (17))	389,964	6	242,703	4	2150 Notes payable	1,158	-	1,155	-
1181 Accounts receivable - related party (Notes 6(17) and 7)	142,523	2	65,371	1	2170 Accounts payable	247,116	4	203,007	4
1200 Other receivables	5,286	-	2,747	-	2180 Accounts payable - related parties (Note 7)	26,518	-	17,893	-
1210 Other payables - related party (Note 7)	138,391	2	126,844	2	2200 Other receivables (Note 12(2))	96,628	1	85,287	1
1220 Current tax assets (Note 12(2))	5,642	-	2,282	-	2220 Other payables - related party (Note 7)	2,101	-	504	-
1310 Inventories, manufacturing business (Note 6(4))	243,082	4	256,790	4	2230 Current tax liabilities	1,766	-	7,176	-
1410 Prepayments (Notes 7 and 12(2))	172,194	3	132,132	2	2280 Current lease liabilities	7,032	-	6,081	-
1470 Other current assets	101	-	232	-	2320 Long-term liabilities, current portion (Note 6(11))	50,561	1	49,440	1
1476 Other current financial assets (Notes 6(8) and 8)	262,266	4	212,010	4	2300 Other receivables (Notes 7 and 12(2))	2,394	-	7,213	-
	<u>1,982,363</u>	<u>31</u>	<u>1,651,441</u>	<u>28</u>		<u>1,699,272</u>	<u>27</u>	<u>1,407,038</u>	<u>24</u>
Non-current assets:					Non-current liabilities:				
1518 Equity instruments measured at fair value through other comprehensive income (Notes 6(2) and 12(2))	41,044	1	27,764	-	2540 Long-term borrowings (Note 6(11))	1,414,152	23	1,463,257	25
1550 Investment accounted for using the equity method (Notes 6(5), 7 and 12(2))	2,547,568	41	2,595,181	45	2570 Deferred tax liabilities (Note 6(14))	180,873	3	177,699	3
1600 Property, plant and equipment (Notes 6(6) and 8)	410,491	7	420,210	7	2580 Non-current lease liabilities	13,148	-	17,555	-
1755 Right-of-use assets	19,933	-	23,225	-	2640 Net defined benefit liability, non-current (Note 6(13))	-	-	6,443	-
1760 Investment property, net (Notes 6(7) and 8)	1,079,515	18	1,086,216	20	2670 Other non-current liabilities, others	831	-	960	-
1780 Intangible assets	3,350	-	5,481	-		<u>1,609,004</u>	<u>26</u>	<u>1,665,914</u>	<u>28</u>
1840 Deferred tax assets (Note 6(14))	10,831	-	16,942	-	Total liabilities	<u>3,308,276</u>	<u>53</u>	<u>3,072,952</u>	<u>52</u>
1960 Non-current prepayments for investments	-	-	6,165	-	Equity (Note 6(15):				
1980 Other non-current financial assets (Notes 6(8) and 8)	103,438	2	4,840	-	3110 Ordinary share	2,336,247	38	2,336,247	40
	<u>4,216,170</u>	<u>69</u>	<u>4,186,024</u>	<u>72</u>	3200 Capital surplus (Note 6(5))	254,520	4	254,267	5
					3300 Retained earnings	205,137	3	94,321	2
					3400 Other equity	94,353	2	79,678	1
					Total equity	<u>2,890,257</u>	<u>47</u>	<u>2,764,513</u>	<u>48</u>
Total assets	<u>\$ 6,198,533</u>	<u>100</u>	<u>5,837,465</u>	<u>100</u>	Total Liabilities and Equity	<u>\$ 6,198,533</u>	<u>100</u>	<u>5,837,465</u>	<u>100</u>

(please refer to the attached notes to the parent company only financial report)

Chairman: Ray Lin

Manager: Lin Tsung-Yi

Accounting Supervisor: Wu Chien-Chung

TEX-RAY INDUSTRIAL CO., LTD.

Comprehensive Income Statement

January 1 to December 31, 2024 and 2023 (after restatement)

Unit: NTD Thousand

		2024		2023 (after restatement)	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(17) and 7)	\$ 2,503,280	100	2,118,137	100
5000	Operating costs (Notes 6(4), (13) and 7)	2,215,274	88	1,821,831	86
5900	Gross profit	288,006	12	296,306	14
5910	Less: Unrealized sales profit or loss	(9,584)	-	(4,224)	-
5920	Add: Realized sales profit or loss	4,224	-	10,791	-
5950	Gross profit	282,646	12	302,873	14
6000	Operating expense (Notes 6(13) and 7):				
6100	Selling expenses	176,697	7	200,726	10
6200	Administrative expense (Notes 6(18) and 12(2))	142,567	6	136,922	6
6300	Commissions expense	25,500	1	26,222	1
6450	Reversal of expected credit impairment losses (Note 6(3))	2,490	-	13	-
		347,254	14	363,883	17
6900	Net operating loss	(64,608)	(2)	(61,010)	(3)
7000	Non-operating income and expense (Note 6(19):				
7010	Other income (Notes 7 and 12(2))	14,597	-	25,852	1
7020	Other income and losses (Note 6(7) and 7)	97,898	4	3,889	-
7100	Interest income (Notes 7 and 12(2))	38,719	1	24,311	1
7070	Share of profit and loss of affiliated enterprises using the equity method (Note 12(2))	88,576	3	(117,486)	(5)
7510	Interest expense	(56,903)	(2)	(48,473)	(2)
		182,887	6	(111,907)	(5)
7950	Profit/loss from continuing operations	118,279	4	(172,917)	(8)
	Less: Income tax expense (Note 6(14))	9,939	-	(7,154)	-
	Profit (loss)	108,340	4	(165,763)	(8)
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	1,950	-	533	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 12(2))	(6,165)	-	(6,968)	-
8330	Share of other comprehensive income of affiliated enterprises using the equity method - not reclassified to equity (Note 12(2))	(22,854)	(1)	(61,473)	(3)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(654)	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	(26,415)	(1)	(67,908)	(3)
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	43,566	2	(76,076)	(4)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	43,566	2	(76,076)	(4)
8300	Current other comprehensive income	17,151	1	(143,984)	(7)
8500	Current total comprehensive income	\$ 125,491	5	(309,747)	(15)
	Earnings (loss) per share (Note 6(16))				
9750	Basic earnings (loss) per share (NT\$)	\$ 0.46		(0.71)	
9850	Diluted earnings (loss) per share (NT\$)	\$ 0.46		(0.71)	

(please refer to the attached notes to the parent company only financial report)

Chairman:
Ray Lin

Manager:
Lin Tsung-Yi

Accounting Supervisor:
Wu Chien-Chung

TEX-RAY INDUSTRIAL CO., LTD.
Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NTD Thousand

	Retained earnings					Other equity interest				
	Ordinary share	Capital surplus	Legal reserve	Undistributed earnings	Total	Exchange differences on translation	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation surplus	Total	Total equity
Balance on January 1, 2023	\$ 2,336,247	239,699	177,178	82,430	259,608	(823,983)	(41,504)	1,089,625	224,138	3,059,692
Net loss in current period	-	-	-	(165,763)	(165,763)	-	-	-	-	(165,763)
Current other comprehensive income	-	-	-	476	476	(76,076)	(68,384)	-	(144,460)	(143,984)
Current total comprehensive income	-	-	-	(165,287)	(165,287)	(76,076)	(68,384)	-	(144,460)	(309,747)
Changes in ownership interests in subsidiaries	-	14,568	-	-	-	-	-	-	-	14,568
Balance on December 31, 2023	2,336,247	254,267	177,178	(82,857)	94,321	(900,059)	(109,888)	1,089,625	79,678	2,764,513
Net income	-	-	-	108,340	108,340	-	-	-	-	108,340
Current other comprehensive income	-	-	-	2,476	2,476	43,566	(28,891)	-	14,675	17,151
Current total comprehensive income	-	-	-	110,816	110,816	43,566	(28,891)	-	14,675	125,491
Changes in ownership interests in subsidiaries	-	253	-	-	-	-	-	-	-	253
Balance on December 31, 2024	\$ 2,336,247	254,520	177,178	27,959	205,137	(856,493)	(138,779)	1,089,625	94,353	2,890,257

(please refer to the attached notes to the parent company only financial report)

Chairman: Lin Zui Yeh

Manager: Lin Chung Yi

Accounting Supervisor: Wu Jianzhong

TEX-RAY INDUSTRIAL CO., LTD.

Cash Flow Statement

January 1 to December 31, 2024 and 2023 (after restatement)

Unit: NTD Thousand

	2024	2023 (after restatement)
Cash flows from (used in) operating activities:		
Profit (loss)	\$ 118,279	(172,917)
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	17,019	15,354
Amortization expense	2,577	6,734
Reversal of expected credit impairment losses	2,490	13
Interest expense	56,903	48,473
Interest income	(38,719)	(24,311)
Dividend income	(256)	(546)
Share of profit and loss of subsidiaries and affiliated enterprises using the equity method	(88,576)	117,486
Gains on disposals of scraps and property, plant and equipment	(38)	(100)
Unrealized sales profit (loss)	5,360	(6,567)
Loss on fair value adjustment, investment property	5,580	6,540
Other income	(11,643)	(2,216)
Profit from lease modification	(297)	-
Total adjustments to reconcile profit (loss)	(49,600)	160,860
Changes in operating assets and liabilities		
Increase in notes receivable - related party	(143)	-
Increase in accounts receivable	(149,751)	(75,200)
Decrease (increase) in accounts receivable - related parties	(77,152)	49,978
DIncrease in other receivables	(2,539)	(1,063)
Increase in other receivables - related parties	(11,547)	(42,525)
Decrease in inventory	13,708	49,627
Decrease (increase) in prepayments	(38,469)	9,160
Decrease in other current assets	131	1,763
Decrease in other non-current assets	-	1,857
Total changes in operating assets	(265,762)	(6,403)
Changes in operating liabilities:		
Increase (decrease) in notes payable	3	(228)
Increase (decrease) in accounts payable	44,109	(37,224)
Increase in accounts payable - related parties	8,625	255
Increase (decrease) in other payables	10,248	(18,510)
Increase (decrease) in other payables - related parties	1,597	(214,415)
Increase (decrease) in other current liabilities	(4,819)	4,121
Increase (decrease) in net defined benefit liabilities	5,323	(3,347)
Decrease in other liabilities	(129)	(45,987)
Total changes in operating liabilities	64,957	(315,335)
Total changes in operating assets and liabilities	(200,805)	(321,738)
Total adjustments	(250,405)	(160,878)
Cash outflow used in operations	(132,126)	(333,795)
Interest received	38,719	24,311
Interest paid	(55,810)	(48,649)
Income tax paid	(8,770)	(33,105)
Net cash outflow used in operating activities	(157,987)	(391,238)

TEX-RAY INDUSTRIAL CO., LTD.
CASH FLOW STATEMENT (CONTINUED)
January 1 to December 31, 2024 and 2023 (after restatement)

Unit: NTD thousand

	2024	2023 (after restatement)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(13,280)	(10,220)
Acquisition of investment accounted for using the equity method	-	(89,373)
Disposal of investment accounted for using the equity method	-	6,000
Increase in prepayments for investments	-	(6,165)
Capital reduction and return of share capital of investee accounted for using the equity method	125,359	337,530
Acquisition of property, plant and equipment	(631)	(8,386)
Proceeds from disposal of property, plant and equipment	181	100
Acquisition of intangible assets	(446)	(1,883)
Increase in other financial assets	(148,854)	(60,209)
Dividends received	<u>29,639</u>	<u>20,187</u>
Net cash flow from (used in) operating activities	<u>(8,032)</u>	<u>187,581</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,230,000	810,000
Decrease in short-term loans	(1,075,000)	(940,000)
Increase in short-term notes payable	3,229,716	1,189,809
Decrease in short-term notes payable	(3,150,000)	(760,000)
Proceeds from long-term debt	-	10,344
Repayments of long-term debt	(49,577)	(48,543)
Payments of lease liabilities	<u>(6,679)</u>	<u>(6,151)</u>
Net cash inflow from financing activities	<u>178,460</u>	<u>255,459</u>
Increase (decrease) in current cash and cash equivalents	12,441	51,802
Cash and cash equivalents at beginning of period	<u>610,330</u>	<u>558,528</u>
Cash and cash equivalents at end of period	<u><u>\$ 622,771</u></u>	<u><u>610,330</u></u>

(please refer to the attached notes to the parent company only financial report)

Chairman: Lin Zui Yeh

Manager: Lin Chung Yi

Accounting Supervisor: Wu Jianzhong

TEX-RAY INDUSTRIAL CO., LTD.
Notes to Parent Company Only Financial Report
2024 and 2023

(Unless otherwise specified, all amounts are in NTD thousand)

I. Company History

TEX-RAY INDUSTRIAL CO., LTD. (hereinafter referred to as the "Company") was founded with the approval by the Ministry of Economic Affairs in August 1978, and was officially listed on the TWSE in 1998. Its registered address is at 2F, No. 426, Linsen N. Rd., Zhongshan Dist., Taipei. TEX-RAY was formerly a modern dyeing and finishing factory. After that, it has successively established the Fancy Yarn Business Division, Woven Fabric Business Division and Garment Business Division. Meanwhile, in order to strengthen the Company's international competitiveness and expand overseas production areas, the Company continues to establish the global multi-point production and sales supply chain in Eswatini, Vietnam and China, and also arrange its layout in the USA and Mexico. Further, in order to strengthen the management and division of labor, the Company spun off, or established investees for, the business of specific technologies and special markets, in order to improve the Group's economic synergy. The Company has adjusted its organizational structure in order to integrate resources and save operating costs. On November 12, 2024, the board of directors decided that the Company performed a summary merger with its wholly-owned subsidiary ZHENG-RAY INDUSTRIAL CO., LTD. As it is considered a merger from the beginning, the Company has reorganized the parent company only financial report for the year 2023. Please refer to Note 12(2).

The Company is engaged in weaving, manufacturing and processing, dyeing and finishing, and buying and selling businesses related to cotton, cloth, various fibers and textiles, as well as cotton yarn purchasing, export business, garment processing and selling, and export business.

II. Approval Date and Procedures of the Financial Report

This parent company only financial report was approved and released by the board of directors on March 27, 2025.

III. Application of New and Amended Standards and Interpretations

(I) The impact of adopting new and amended standards and interpretations recognized by the Financial Supervisory Commission

The Company applied the revised IFRS accounting standards starting January 1, 2024, and there has been no significant impact on the parent company only financial report.

·Amendment to International Accounting Standard 1: Distinction of liabilities as current or non-Current.

·Amendment to International Accounting Standard 1: Non-current liabilities with contractual terms.

**Notes to parent company only financial report of TEX-RAY INDUSTRIAL CO., LTD.
and subsidiaries**

·Amendments to International Accounting Standard 7 and International Financial Reporting Standard 7: Supplier financing arrangements.

·Amendment to International Financial Reporting Standard 16: Lease liabilities in sale and leaseback.

(II) The impact of not adopting IFRS accounting standards recognized by the Financial Supervisory Commission

The Company applied the revised IFRS accounting standards starting January 1, 2025, and there has been no significant impact on the parent company only financial report.

·Amendment to International Accounting Standard 21: Lack of convertibility.

(III) Application of new and amended standards and interpretations

New and amended standards and interpretations already released but not yet recognized by the Financial Supervisory Commission which may be related to the Company:

New and Amended

Standards		Main Amended Contents	Effective Date
International Reporting Standard 18: Presentation and disclosure of financial statements.	Financial Standard 18:	The new standard introduced three types of profits and losses, two subtotals in the income statement, and a single note on management performance measurement. These three amendments and enhancements provide guidance on how to segment information in financial statements, laying the foundation for users to provide better and more consistent information, and will affect all companies.	January 1, 2027
		·A more structured income statement: According to current standards, companies use different formats to express their operating results, making it difficult for investors to compare the financial performance of different companies. The new standards adopt a more structured income statement, introduces a new definition of "operating profit" subtotal, and stipulates that all income and expenses will be classified into three new categories based on the company's main operating activities.	
		·Management Performance Measurement (MPM): The new standards introduce the definition of management performance	

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measurement and requires companies to explain in a single note to their financial statements why each measurement indicator provides useful information, how it is calculated, and how it is adjusted to the amounts recognized under International Financial Reporting Standards accounting standards.

·More detailed information: The new standards include guidance on how companies can strengthen the grouping of information in their financial statements. This includes guidance on whether the information should be included in the main financial statements or further subdivided in the notes.

The Company is currently continuously evaluating the impact of the above standards and interpretations on its financial condition and operating results, and the relevant impacts will be disclosed upon completion of the evaluation.

The Company expects that the following new and amended standards, which have not yet been recognized, will not have a significant impact on the parent company only financial report.

- Amendments to International Financial Reporting Standard 10 and International Accounting Standard 28: Sale or investment of assets between investors and their affiliates or joint ventures.
- Amendments to International Accounting Standard 17: Insurance contracts and to International Financial Reporting Standard 17.
- International Financial Reporting Standard 19: Disclosures of Non-public accountability subsidiaries.
- Amendments to International Financial Reporting Standards 9 and 7: Classification and amendment to measurement of financial instruments.
- Annual Improvements to IFRS Accounting Standards
- Amendments to International Financial Reporting Standard 9 and International Financial Reporting Standard 7: "Nature-dependent electricity contracts.

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in this parent company only report is summarized as follows: The following accounting policies have been consistently applied to all

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periods presented in this parent company only financial report.

(I) Compliance statement

This parent company only financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations") and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation announcements (hereinafter referred to as "IFRS recognized by the FSC").

(II) Basis for the preparation

1. Measurement basis

Except for the following important items on the balance sheet, this parent company only financial report is prepared based on historical cost:

- (1) Acquisition of financial assets at fair value through other comprehensive income.
- (2) Investment properties measured at fair value.
- (3) The net defined benefit liability is measured based on the fair value of pension assets minus the present value of defined benefit obligations and the upper limit impact as stated in Note 4(16).

2. Functional currency and presentation currency

The Company uses the currency of the main economic environment of each operating location as its functional currency. This parent company only financial report is expressed in NTD, the functional currency of the Company. All financial information expressed in NTD is in thousands of NTD.

(III) Foreign currency

1. Foreign currency transaction

Foreign currency transactions are converted into the functional currency based on the exchange rate on the transaction date. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), foreign currency monetary items shall be converted into the functional currency at the exchange rate on that day. Foreign currency non monetary items measured at fair value are converted into the functional currency at the exchange rate on the day of fair value measurement, while foreign currency non monetary items measured at historical cost are converted at the exchange rate on the transaction date.

The foreign currency exchange differences arising from the conversion of equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income, while the foreign currency exchange differences arising from other conversions are recognized in profit or loss.

2. Foreign operations

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The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions, are converted into NTD based on the exchange rate on the reporting date; The income and expense items are converted into NTD based on the average exchange rate of the current period, and any exchange differences arising are recognized as other comprehensive income.

When the disposal of a foreign operation results in the loss of control, joint control, or significant influence, the accumulated exchange differences related to the foreign operation are fully reclassified as profit or loss. When partial disposal involves subsidiaries of foreign operations, the accumulated exchange differences are proportionally reclassified to non-controlling interests. When partial disposal involves subsidiaries of foreign operations, the accumulated exchange differences are proportionally reclassified to non-controlling interests.

For monetary receivables or payables of foreign operations, if there is no repayment plan and it is impossible to repay them in the foreseeable future, the foreign currency exchange gains and losses generated shall be regarded as part of the net investment in the foreign operations and recognized as other comprehensive income.

(IV) Classification criteria for distinguishing current and non-current assets and liabilities

The Company classifies assets that meet any of the following conditions as current assets, and all other assets that are not current assets as non-current assets:

1. The asset are expected to be realized during its normal business cycle, or intended to be sold or consumed.
2. The asset is held primarily for trading purposes.
3. The asset is expected to be realized within twelve months after the reporting period.
4. The asset is cash or cash equivalents (as defined in International Accounting Standard 7), unless there are restrictions on exchanging or using the asset to settle liabilities at least twelve months after the reporting period.

The Company classifies liabilities that meet any of the following conditions as current liabilities, and all other liabilities that are not current liabilities as non-current liabilities:

1. The liability is expected to be settled within the normal operating cycle.
2. The liability is held primarily for trading purposes.
3. The liability expected to be settled within twelve months after the reporting period.
4. At the end of the reporting period, there is no right to defer the settlement of the liability for at least twelve months after the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand and current deposits. Cash equivalents refer to short-term and highly liquid investments that can be converted into fixed amounts of cash at any time

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with minimal risk of value changes. Fixed deposits that meet the aforementioned definition and are held for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalents.

Bank overdrafts that can be immediately repaid and are part of the overall cash management of the parent company only company are listed as a component of cash and cash equivalents in the cash flow statement.

(VI) Financial instruments

Accounts receivable and debt securities issued are originally recognized at the time of their creation. All other financial assets and financial liabilities are originally recognized when the Company becomes a party to the terms of the financial instrument contract. Financial assets or financial liabilities that are not measured at fair value through profit or loss (except for accounts receivable that do not include significant financial components) are originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components are originally measured at transaction prices.

1. Financial assets

The purchase or sale of financial assets is in accordance with customary trading practices. For financial assets classified in the same manner by the Company, all purchases and sales shall be accounted for on the transaction date or settlement date uniformly.

At the time of initial recognition, financial assets were classified as follows: financial assets measured at amortized cost, equity instrument investments measured at fair value through other comprehensive income or loss, or financial assets measured at fair value through income or loss.

The Company reclassifies all affected financial assets from the first day of the next reporting period only when changing the business model for financial asset management.

(1) Financial assets measured at amortized cost

When financial assets meet the following conditions and are not designated to be measured at fair value through profit or loss, they are measured at amortized cost:

- Holding the financial asset under a business model aimed at receiving contractual cash flows.
- The contract terms of the financial asset generate cash flows on a specific date, which are entirely for the payment of principal and interest on the outstanding principal amount.

The accumulated amortization of such assets shall be calculated using the effective interest method by adding or subtracting the original recognized amount, and the amortized cost shall be adjusted for any allowance losses. Interest income, foreign

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currency exchange gains and losses, and impairment losses are recognized in profit or loss. When derecognized, benefits or losses are included in profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

At the Company's initially recognized, it may make an irrevocable choice to report the subsequent fair value changes of equity instrument investments not held for trading in other comprehensive income. The above selection is made based on the instrument base item by item.

Investments in debt instruments are subsequently measured at fair value. Interest income, foreign currency exchange gains and losses, and impairment losses are recognized in profit or loss., while other net gains or losses are recognized in other comprehensive income. When excluded, the accumulated amount of other comprehensive income is reclassified to profit or loss.

Equity investments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of a portion of investment costs) is recognized in profit or loss. The remaining net profit or loss is recognized as other comprehensive income and not reclassified to profit or loss.

The dividend income from equity investments is recognized on the date when the Company is entitled to receive dividends (usually on the ex-dividend date).

(3) Financial assets measured at fair value through other comprehensive income

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income(such as financial assets held for trading and managed and evaluated at fair value) are measured at fair value through income or loss.

These assets are subsequently measured at fair value, and their net gain or loss (including any dividend and interest income) is recognized as profit or loss.

(4) Business model evaluation

The Company uses portfolio level to evaluate the purpose of the business model of holding financial assets, which best reflects the management approach and provides data to the management team. The information considered includes:

- The investment portfolio policies and objectives described, and the operation of such policies. Including: whether the management's strategy focuses on earning contractual cash flows, maintaining a specific interest rate portfolio, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or realizing cash flows through the sale of financial assets.
- The performance of the business model, and how to evaluate the financial assets held under this business model, and how to report to the key management.
- The risks that affect the performance of the business model (and the financial assets

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held under that business model) and the management methods for such risks.

- The method of determining the compensation of the managers in this business, for example: the compensation is based on the fair value of the assets managed or the contracted cash flows received;
- The frequency, amount, and timing of financial asset sales in previous periods, as well as the reasons for such sales and expectations for future sales activities.

According to the above business objectives, if the transfer of financial assets to a third party does not meet the derecognition criteria, it is not a sale as referred to above. This is consistent with the purpose of the Company to continue to recognize the asset.

(5) Impairment loss on financial assets

The Company recognizes expected credit losses on debt instrument investments and contract assets measured at fair value through other comprehensive income and loss for financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, margin deposits, and other financial assets).

The provision for losses on accounts receivable and contract assets is measured based on the expected credit loss amount during the period of existence.

Expected credit loss during the expected existence period refers to the expected credit loss arising from all possible default events during the expected existence period of a financial instrument.

When determining whether credit risk has significantly increased since the original recognition, the Company considers reasonable and verifiable information (which can be obtained without excessive costs or investments), including qualitative and quantitative information, as well as analysis based on the Company's historical experience, credit evaluation, and forward-looking information.

The bank deposits held by the Company are considered to have low credit risk, as the trading partner and counterparty are financial institutions with investment grade or above.

The longest period for measuring expected credit losses is the longest contract period during which the Company is exposed to credit risk.

Expected credit loss is a probability-weighted estimate of credit loss during the expected duration of a financial instrument. Credit loss is measured based on the present value of all cash receipts, which is the difference between the cash flows that the Company can receive under the contract and the cash flows expected to be received by the Company. Expected credit losses are discounted based on the effective interest rate of financial assets.

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The allowance loss for financial assets measured at amortized cost is deducted from the carrying amount of the asset.

When the Company cannot reasonably anticipate the recovery of all or part of its financial assets, it directly reduces the total carrying amount of its financial assets. For company accounts, the Company individually analyzes the timing and amount of offsetting based on whether it is reasonably expected to be recoverable. The Company does not expect that the offset amount will be significantly reversed. However, the financial assets written off can still be enforced to comply with the procedures for the Company to recover overdue amounts.

(6) Derecognition of financial assets

The Company shall only derecognize financial assets when the contractual rights arising from the cash flows of the asset have been terminated, or when the financial asset has been transferred and almost all risks and rewards of the ownership of the asset have been transferred to other enterprises, or when almost all risks and rewards of the ownership have not been transferred or retained, and control of the financial asset has not been retained.

If the Company signs a transaction to transfer financial assets and retains all or almost all of the risks and rewards of ownership of the transferred assets, the assets shall continue to be recognized on the balance sheet.

2. Financial debt and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contract agreement and the definition of financial debt and equity instruments.

(2) Equity transaction

Equity instruments refer to any contracts that recognize the remaining equity of the Company after deducting all its liabilities from its assets. The equity instruments issued by the Company are recognized at the amount obtained after deducting the direct issuance cost.

(3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. Financial liabilities that are held for trading or derivative instruments, or designated at the time of initial recognition are classified as measured at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss are measured at fair value, and related profits and losses, including any interest expenses, are recognized in profit or loss.

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Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and exchange gains and losses are recognized in profit or loss. Any benefits or losses incurred during the period of derecognition are also recognized in profit or loss.

(4) Derecognition of financial liabilities

The Company shall derecognize financial liabilities when contractual obligations have been fulfilled, canceled or expired. When the terms of a financial liability are modified and there is a significant difference in the cash flow of the modified liability, the original financial liability shall be derecognized, and a new financial liability shall be recognized at fair value based on the modified terms.

When derecognizing financial liabilities, the difference between their carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

(5) Mutual offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and expressed as net amounts on the balance sheet when the Company currently has legally enforceable rights to offset and intends to deliver or simultaneously realize assets and settle liabilities on a net basis.

(VII) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost includes the acquisition, production or processing costs and other costs incurred to bring it to a usable location and condition, and is calculated using the weighted average method. The cost of finished goods and work in progress inventory includes manufacturing expenses allocated in appropriate proportions based on normal production capacity.

Net realizable value refers to the estimated selling price under normal operating conditions minus the estimated cost of completion and the estimated cost for completion of sale.

(VIII) Investment in affiliated enterprises

Affiliated enterprises refer to entities that have a significant impact on the financial and operational policies of the company, but are not controlled or jointly controlled.

The Company adopts the equity method to treat the equity of its affiliated enterprises. Under the equity method, the original acquisition is recognized at cost, and investment costs include transaction costs. The carrying amount of investments in affiliated enterprises includes goodwill recognized at the time of the original investment, less any accumulated impairment losses.

The parent company only financial report includes, from the date of significant impact

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until the date of loss of significant impact, the amount of profit or loss and other comprehensive income recognized by the Company in proportion to equity, after adjustments consistent with the accounting policies of the Company. When there is a change in equity of an affiliated enterprise not related to profit or loss or other comprehensive income that does not affect the shareholding ratio of the Company, the Company recognizes all equity changes as capital surplus according to the shareholding ratio.

The unrealized benefits and losses arising from transactions between the Company and its affiliated enterprises are only recognized in the financial statements of the enterprise within the scope of the equity of non-related party investors in the affiliated enterprises.

When the proportion of losses that the Company should recognize in its affiliated enterprises is equal to or exceeds its equity in the affiliated enterprises, it shall cease to recognize its losses and only recognize additional losses and related liabilities within the scope of legal obligations, presumed obligations, or payments made on behalf of the investee company.

The Company ceases to use the equity method from the date when its investment is no longer an affiliated enterprise, and retains the equity at fair value. The difference between the fair value and disposal price of the retained equity and the book value of the investment on the date of cessation of the equity method is recognized in the current income statement. For all amounts previously recognized in other comprehensive income related to the investment, the basis for accounting treatment is the same as the basis that must be followed by affiliated enterprises if they directly dispose of related assets or liabilities. That is, if the benefits or losses previously recognized in other comprehensive income need to be reclassified as profit or loss when disposing of related assets or liabilities, then when the enterprise ceases to use the equity method, the benefits or losses will be reclassified from equity to profit or loss. If the Company's ownership interest in an affiliated enterprise decreases, but the equity method continues to apply, the Company shall reclassify and adjust the profits or losses previously recognized in other comprehensive income related to the decrease in ownership interest in proportion to the decrease.

If the investment of the Company in a affiliated enterprise becomes an investment in a joint venture, or if the investment in a joint venture becomes an investment in an affiliated enterprise, the Company shall continue to apply the equity method without remeasurement of retained equity.

(IX) Investment in subsidiaries

When preparing the parent company only financial report, the Company evaluates its controlling investees using the equity method. Under the equity method, the parent company only financial report's current profit and loss and other comprehensive income are allocated

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to the parent company's owners in the same amount as those allocated to the parent company's owners in the financial report prepared on a consolidated basis, and the owner's equity in the parent company only financial report is the same as that allocated to the parent company's owners in the financial report prepared on a consolidated basis.

If the change in ownership rights of the Company in a subsidiary does not result in the loss of control over the subsidiary, it shall be treated as an equity transaction with the owner.

(X) Investment property

Investment property refers to property held for the purpose of earning rent or asset appreciation, or both, rather than for normal business sales, production, provision of goods or services, or administrative management purposes. Investment properties are initially measured at cost and subsequently measured at fair value, with any changes recognized in profit or loss.

The profit or loss from the disposal of an investment property (calculated as the difference between the net disposal price and the carrying amount of the item) is recognized in profit or loss. If the investment property sold was previously classified as property, plant and equipment, any related "other equity - revaluation surplus" is reclassified as retained earnings.

The rental income from investment properties is recognized as non-operating income on a straight-line basis during the lease term.

(XI) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) minus accumulated depreciation and any accumulated impairment losses. Costs include expenses directly attributable to the acquisition of assets. The cost of self-built assets includes raw materials and direct labor, any other directly attributable costs that enable the assets to reach their expected usable state, the cost of dismantling and removing the project and restoring the location, and the borrowing cost of capitalizing eligible assets. In addition, the cost includes the software purchased to integrate the functions of the relevant equipment, which is capitalized as part of the equipment.

When the major components of property, plant and equipment have different durability periods, they shall be treated as separate items (main components) of real estate, plant and equipment.

2. Subsequent costs

Subsequent expenditures are only capitalized when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated based on the asset cost minus residual value, and is

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recognized in profit or loss using the straight-line method over the estimated useful life of each component.

Land is not subject to depreciation.

The estimated durability period for the current and comparative periods is as follows:

(1) Buildings	5 to 55 years
(2) Machines and equipment	7 to 13 years
(3) Transportation equipment	3 to 6 years
(4) Office and other equipment	1 to 20 years

The Company reviews the depreciation method, useful life, and residual value on each reporting day and makes appropriate adjustments as necessary.

(XII) Lease

The Company evaluates whether the contract belongs to or includes a lease on the date of contract formation. If the contract transfers control over the use of identified assets for a period of time in exchange for consideration, then the contract belongs to or includes a lease.

1. Lessee

The Company recognizes right-of-use assets and lease liabilities on the lease commencement date. Right-of-use assets are measured at cost, which includes the original measured amount of the lease liability, adjustments to any lease payments made on or before the lease commencement date, and the addition of the original direct costs incurred and the estimated costs of dismantling, removing, and restoring the underlying asset at its location or asset, with any lease incentives received deducted.

Depreciation of the right-of-use asset shall be recognized using the straight-line method from the lease commencement date until the expiration of its useful life or the lease term, whichever is earlier. In addition, the Company regularly evaluates whether the right-of-use assets have been impaired, and deals with any impairment losses that have occurred, and adjusts the right-of-use assets in conjunction with the reassessment of lease liabilities.

Lease liabilities are measured based on the present value of lease payments that have not yet been paid on the lease commencement date. If the implicit interest rate of the lease is easy to determine, then the discount rate shall be the interest rate. If it is not easy to determine, the incremental borrowing interest rate of the Company shall be used. Generally speaking, the Company adopts the incremental borrowing interest rate as the discount rate.

The lease payments included in the measurement of lease liabilities include:

- (1) Fixed payments, including substantial fixed payments.
- (2) Depending on changes in a certain index or rate, lease payments are measured using the

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index or rate on the lease commencement date as the original measurement

- (3) The guaranteed amount for the residual value of the expected payment.
- (4) Reasonably determine the exercise price or penalty to be paid when exercising the purchase option or lease termination option.

The subsequent provision of interest on lease liabilities shall be based on the effective interest method, and the amount shall be measured again when any of the following situations occurs:

- (1) Changes in the index or rate used to determine lease payments may result in changes in future lease payments.
- (2) The guaranteed amount for the residual value of the expected payment has changed.
- (3) The evaluation of the purchase option for the underlying asset has changed.
- (4) The estimation of whether to exercise the option of extension or termination has changed, and the evaluation of the lease term has been altered.
- (5) Modification of lease subject matter, scope, or other terms.

When the lease liability is remeasured due to changes in the index or rate used to determine lease payments and changes in the evaluation of purchase, extension, or termination options, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right of use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right of use asset is reduced to reflect partial or full termination of the lease, and the difference between it and the remeasured amount of the lease liability is recognized in profit or loss.

The Company will present the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate items on the balance sheet.

If the agreement includes both lease and non-lease components, the Company will allocate the consideration in the contract to individual lease components based on relatively separate prices. However, when leasing land and buildings, the Company chooses not to distinguish between non-leased components and treats leased and non-leased components as a single leased component.

For short-term leases of machinery and office equipment and leases of low value underlying assets, the Company chooses not to recognize right-of-use assets and lease liabilities, but instead recognizes the related lease payments as expenses on a straight-line basis during the lease term.

The Company chooses to adopt practical and expedient measures for all rental concessions that meet all of the following conditions, without evaluating whether they are

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lease modifications:

- (1) Rent concessions as a direct result of the COVID-19 pandemic.
- (2) The change in lease payment results in the revised consideration of the lease being almost the same or smaller than the consideration of the lease before the change.
- (3) Any reduction in lease payments which only affects payments that were originally due before June 30, 2022.
- (4) There have been no substantial changes to the other terms and conditions of the lease.

Under practical expediency, when rent reduction leads to changes in lease payments, the changes are recognized in profit or loss when the event or circumstance that initiated the rent reduction occurs.

2. Lessor

For the transaction with the Company as the lessor, the lease contract is classified on the date of lease establishment based on whether almost all risks and rewards related to the ownership of the underlying asset are transferred. If so, it is classified as a finance lease, otherwise it is classified as an operating lease. When evaluating, the Company considers specific indicators such as whether the lease term covers the main part of the economic life of the underlying asset.

If the agreement includes both lease and non-lease components, the Company shall use the provisions of International Financial Reporting Standard 15 to allocate the consideration in the contract.

(XIII) Intangible assets

1. Recognition and measurement

The goodwill generated from the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The expenses related to research activities are recognized as profit or loss when they occur.

Development expenditures are only capitalized when they can be reliably measured, the technical or commercial feasibility of the product or process has been achieved, the future economic benefits are likely to flow into the Company, and the Company intends and has sufficient resources to complete the development and use or sell the asset. The expenses related to other development are recognized as profit or loss when they occur. After the initial recognition, capitalized development expenses are measured at their cost less accumulated amortization and accumulated impairment losses.

The acquisition of other intangible assets with limited useful lives by the Company, including patent rights and trademark rights, is measured at cost less accumulated amortization and accumulated impairment losses.

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2. Subsequent expenditure

Subsequent expenditures are only capitalized when they can increase the future economic benefits of specific assets. All other expenses are recognized in profit or loss at the time of occurrence, including goodwill and brands developed internally.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of assets minus estimated residual value, and is recognized as profit or loss using the straight-line method over the estimated useful life of intangible assets from the time they reach a usable state. The cost of purchasing additional computer software systems is deferred and amortized on a straight-line basis over a period of 3~20 years from the start of use, with the amortization recognized in profit or loss.

The Company reviews the depreciation method, useful life, and residual value of intangible assets on each reporting day and makes appropriate adjustments as necessary.

(XIV) Impairment loss on non-financial assets

On each reporting day, the Company evaluates whether there are indications that the carrying amount of non-financial assets (excluding inventory, contract assets, deferred tax assets, and investment properties measured at fair value) may be impaired. If any signs exist, it will estimate the recoverable amount of the asset. Goodwill is subject to annual impairment testing.

For the purpose of impairment testing, a group of assets whose cash inflows are largely independent of other individual assets or asset groups is considered the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of an individual asset or cash generating unit minus disposal costs or its value in use. When evaluating the value in use, the estimated future cash flows are converted to present value using a pre-tax discount rate, which should reflect the current market's evaluation of the time value of money and the specific risk of the asset or cash generating unit.

If the recoverable amount of individual assets or cash generating units is lower than the carrying amount, then impairment losses are recognized.

Impairment losses are immediately recognized in profit or loss, and are first reduced by the carrying amount of the amortized goodwill of the cash generating unit, followed by a proportionate reduction in the carrying amount of other assets within the unit.

Goodwill impairment losses are not reversed. Non financial assets other than goodwill are only reversed within the range determined by the carrying amount (less depreciation or amortization) of the asset if impairment losses are not recognized in previous years.

(XV) Revenue recognition

1. Revenue from customer contracts

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Income is measured based on the consideration expected to be obtained from the transfer of goods or services. The Company recognizes revenue when control over goods or services is transferred to customers and performance obligations are fulfilled. The main revenue items of the Company are as follows:

(1) Sale of goods

The Company operates the business of textiles such as fabrics, various fibers, and clothing, as well as the buying, selling, and processing of washing and extraction equipment. The Company recognizes revenue when control over goods or services is transferred. The transfer of control over the product refers to the fact that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that will affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location, the risk of obsolescence and loss has been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance terms have expired, or the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes accounts receivable when delivering goods, as the Company has an unconditional right to receive consideration at that time.

(2) Financial components

The Company expects that the time interval between the transfer of textile products or services from all customer contracts to customers and the time when customers pay for the goods or services shall not exceed one year. The Company collects advance payments from customers for the sale of machine products based on customary payment terms in the industry, which is not for the purpose of financial financing. Therefore, the Company does not adjust the time value of money of the transaction price.

(XVI) Employee benefits

1. Defined allocation plan

The allocation obligation of a defined allocation plan is recognized as an expense during the employee's service period.

2. Defined benefit plan

The net obligation of the Company for the defined benefit plan is calculated by discounting the future benefit amounts earned by employees during the current or previous period of service for the benefit plan, deducting the fair value of any plan assets.

The defined benefit obligations are determined annually by qualified actuaries using the projected unit benefit method. When the calculation result may be beneficial to the Company, the recognition of assets is limited to the present value of any economic benefits

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that can be obtained by returning the provision from the plan or reducing future provision from the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The remeasurement of net defined welfare liabilities, including actuarial gains and losses, plan asset returns (excluding interest), and any changes in the impact of asset ceilings (excluding interest) is immediately recognized in other comprehensive income and accumulated in retained earnings.

The net interest expense (income) of the Company's net recognized benefit liability (asset) is determined using the net recognized benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. The net interest expenses and other expenses of the benefit plan are recognized in profit or loss.

When a plan is revised or reduced, any changes in benefits related to previous service costs or reduced benefits or losses are immediately recognized as profit or loss. The Company recognizes the liquidation gains and losses of the defined benefit plan when liquidation occurs.

3. Resignation benefits

Resignation benefits are recognized as expenses when the Company is no longer able to withdraw the offer of such benefits or when the related restructuring costs are recognized earlier. When the severance benefits are not expected to be fully paid off within twelve months after the reporting date, they shall be converted into cash.

4. Short-term employee benefits

The short-term employee benefit obligation is recognized as an expense at the time of service provision. If the Company has a current legal or constructive payment obligation due to the services provided by employees in the past, and this obligation can be reliably estimated, the amount shall be recognized as a liability.

(XVII) Income tax

Income tax includes current and deferred income tax. Except for items related to corporate mergers, direct recognition in equity, or other comprehensive income, current income tax and deferred income tax should be recognized in profit or loss.

The current income tax includes the estimated payable income tax or receivable refund calculated based on the taxable income (loss) of the current year, as well as any adjustments to the payable income tax or receivable refund of previous years. The amount is the best estimate of the expected payment or receipt based on the statutory tax rate or substantive legislative tax rate on the reporting date.

For unused taxable losses and unused income tax credits, as well as temporary differences that can be deducted, they are recognized as deferred tax assets to the extent that

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there is a high likelihood that future taxable income will be available for use. And on each reporting day, it will be re evaluated and adjusted to reduce relevant income tax benefits that are not likely to be realized, or the reduced amount may be reversed within the range where there is a high possibility of sufficient taxable income.

Deferred income tax is recognized by measuring the temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax basis. Temporary differences arising from the following situations shall not be recognized as deferred income tax:

1. Assets or liabilities that are not originally recognized as part of a business merger transaction, and at the time of the transaction it (i) does not affect accounting profits and taxable income (losses), and (ii) does not result in equal taxable and deductible differences.
2. Due to temporary differences arising from investments in subsidiaries, affiliated enterprises, and joint venture equity, the Company can control the timing of the reversal of temporary differences, and it is highly likely that they will not be reversed in the foreseeable future.
3. Taxable temporary differences arising from the original recognition of goodwill.

For unused taxable losses and unused income tax credits, as well as temporary differences that can be deducted, they are recognized as deferred tax assets to the extent that there is a high likelihood that future taxable income will be available for use. And on each reporting day, it will be re evaluated and adjusted to reduce relevant income tax benefits that are not likely to be realized, or the reduced amount may be reversed within the range where there is a high possibility of sufficient taxable income.

Deferred income tax is measured based on the expected temporary difference reversal tax rate, using the statutory tax rate or substantive legislative tax rate on the reporting date as the basis.

The Company shall offset deferred tax assets and deferred tax liabilities only when both of the following conditions are met:

1. There is the legal enforcement power to offset the current income tax assets and current income tax liabilities against each other.
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers subject to income tax levied by the same tax authority:
 - (1) Same taxpayer.
 - (2) Different taxpayers, but the entities intend to settle current income tax liabilities and assets on a net basis, or simultaneously realize assets and settle liabilities in each future period when significant amounts of deferred income tax assets are expected to be

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recovered, and deferred income tax liabilities are expected to be settled.

(XVIII) Earnings per share

The Company shall present the basic and diluted earnings per share attributable to ordinary equity holders of the company. The basic earnings per share of the Company are calculated by dividing the profit or loss attributable to ordinary equity holders by the weighted average number of outstanding ordinary shares in the current period. The diluted earnings per share are calculated by adjusting the impact of all potential diluted ordinary shares on the profit and loss attributable to ordinary equity holders of the Company and the weighted average number of outstanding ordinary shares.

(XIX) Department information

The Company has disclosed departmental information in the consolidated financial report, therefore does not disclose departmental information in the parent company only financial report.

V. Main sources of uncertainty in significant accounting judgments, estimates, and assumptions

When preparing this parent company only financial report, the management must make judgments and estimates about the future (including climate related risks and opportunities), which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

The management continuously reviews the estimates and underlying assumptions, which are consistent with the risk management and climate related commitments of the Company. Changes in estimates are deferred recognition during the period of change and in future periods affected.

Accounting policies involving significant judgments, with a significant impact on the recognized amounts in this parent company only financial report: None.

The following assumptions and estimates have significant risks of causing significant adjustments to the book values of assets and liabilities in the next fiscal year due to uncertainty. The relevant information is as follows:

(I) Loss allowance for accounts receivable

The Loss allowance for accounts receivable of the Company is estimated based on assumptions of default risk and expected loss rate. The Company takes into account historical experience, current market conditions, and forward-looking estimates on each reporting day to determine the assumptions and input values to be used in calculating impairment losses. Please refer to Note 6(3) for a detailed explanation of the relevant judgments.

(II) Evaluation of inventory

Due to the fact that inventory must be measured at the lower of cost and net realizable value, the Company evaluates the amount of inventory on the reporting date due to normal

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wear and tear, obsolescence, or no market value, and offsets the inventory cost to net realizable value. This inventory evaluation is mainly based on the estimated demand for products in the future period, so significant changes may occur due to rapid changes in the industry. Please refer to Note 6(4) for details on inventory evaluation and valuation.

(III) Estimation of goodwill impairment on investments in subsidiaries

When deciding whether to reduce the goodwill of investing in a subsidiary, it is necessary to estimate the recoverable amount of the relevant cash generating units. To calculate the recoverable amount, the management should estimate the expected future cash flows from cash generating units and determine the appropriate discount rate to be used for calculating present value. If the actual cash flows are less than expected, significant impairment losses may occur. Please refer to Note 6(9) of the consolidated financial report for 2024 for a detailed explanation of the assumptions used for the recoverable amount.

(IV) Fair value of investment properties

The subsequent measurement of the investment properties of the Company is evaluated using the discounted cash flow analysis method under the income approach. The input value used in the fair value evaluation technique belongs to Level 3. Please refer to Note 6(7) for details on the fair value evaluation.

The accounting policies and disclosures of the Company include the use of fair value to measure its financial and non-financial assets and liabilities. The Company establishes relevant internal control systems for fair value measurement. This includes establishing an evaluation team responsible for reviewing all significant fair value measurements (including Level 3 fair value). The evaluation team regularly reviews and adjusts significant unobservable input values. If the input value used to measure fair value is external third-party information (such as from a broker or pricing service provider), the evaluation team will evaluate the evidence provided by the third party to support the input value, in order to determine whether the evaluation and its fair value classification comply with IFRS accounting standards. Investment properties are evaluated regularly by the finance department of the company based on the evaluation methods and parameter assumptions announced by the FSC, or assessed by external appraisers.

When measuring its assets and liabilities, the Company should use market observable input values as much as possible. The level of fair value is classified based on the input value of the evaluation technique used as follows:

(I) Level 1: Public quotes of the same assets or liabilities in an active market (unadjusted).

(II) Level 2: In addition to the publicly quoted prices included in Level 1, the input parameters of assets or liabilities are directly (i.e. price) or indirectly (i.e. derived from price) observable.

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(III) Level 3: Input parameters for assets or liabilities are not based on observable market data (non-observable parameters).

If there is a transfer of fair value between different levels or circumstances, the Company recognizes the transfer on the reporting date.

Please refer to the following notes for information on the assumptions used to measure fair value:

- (I) Note 6(7) Investment property.
- (II) Note 6(20) Financial instruments.

VI. Description of Significant Accounting subjects

(I) Cash and cash equivalents

	2024.12.31	2023.12.31 (after recompilation)
Cash	\$ 1,454,720	453
Check deposits	720	476
Demand deposits	65,947	16,648
Foreign currency deposits	158,549	216,373
Time deposits	396,092	376,380
Cash and cash equivalents in the cash flow statement	\$ 622,777	610,330

Please refer to Note 6(20) for detailed disclosure of interest rate risk and sensitivity analysis of financial assets and liabilities of the Company.

(II) Financial assets

The details of various financial products held by the Company are as follows:

	2024.12.31	2023.12.31 (after recompilation)
Financial assets measured at fair value through other comprehensive income:		
Unlisted domestic and foreign stocks	\$ 41,042	27,764

1. The financial assets held by the Company at fair value through other comprehensive income are long-term strategic investments and not held for trading purposes, therefore designated as such financial assets. The evaluation losses of the aforementioned financial assets at fair value have been cumulatively recognized as equity items.
2. The Company did not dispose of strategic investments in the years 2024 and 2023 (after recompilation), and did not transfer any accumulated gains or losses in equity during those periods.
3. Please refer to Note 6(20) for detailed information on credit risk and market risk.

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4. The financial assets of the Company have not been pledged as collateral.

(III) Accounts receivable

	2024.12.31	2023.12.31
Accounts receivable - measured at amortized cost	\$ 392,473	242,722
Less: Loss allowance	(2,509)	(19)
	\$ 389,964	242,703

1. The Company adopts a simplified approach to estimate expected credit losses for all accounts receivable, using expected credit losses during the period of existence as a measure. For this purpose, these accounts receivable are grouped based on the common credit risk characteristics representing the customer's ability to pay all due amounts according to contract terms, and have been included in forward-looking information. The expected credit loss analysis of the Company's accounts receivable is as follows:

	2024.12.31		
	Book value of accounts receivable	Expected credit loss rate during the existence period	Expected credit losses during the loss allowance period
Not overdue	\$ 263,180	0%	-
Overdue for less than 90 days	121,315	0%	-
Overdue for 90~180 days	4,967	10%	497
Overdue for 180~360 days	3,998	50%	1,999
Overdue for more than 360 days	13	100%	13
	\$ 393,473		2,509

	2023.12.31		
	Book value of accounts receivable	Expected credit loss rate during the existence period	Expected credit losses during the loss allowance period
Not overdue	\$ 178,966	0%	-
Overdue for less than 90 days	63,655	0%	-
Overdue for 90~180 days	82	10%	8
Overdue for 180~360 days	16	50%	8
Overdue for more than 360 days	3	100%	3
	\$ 242,722		19

2. The statement of changes in provision for accounts receivable losses of the Company is as follows:

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	2024	2023
Balance at beginning of period	\$ 19	6
Impairment loss recognized	2,490	13
Balance at end of period	\$ 2,509	19

3. There is no pledge guarantee provided with the accounts receivable of the Company.

(IV) Inventory

	2024.12.31	2023.12.31
Raw materials	\$ 16,470	8,674
Current work in progress	219,090	215,875
Current finished goods	3,695	23,436
Products	3,827	8,805
	\$ 243,082	256,790

1. The inventory costs recognized as cost of goods sold and expenses for fiscal years 2024 and 2023 were NT\$2,229,337 thousand and NT\$1,821,540 thousand, respectively. In the year 2024, due to the disposal of inventory, there was a profit of NT14,063 thousand from gain from price recovery of inventory. In the year 2023, inventory valuation losses of NT\$291 thousand were recognized due to offsetting of inventory to the net realized value. The aforementioned inventory valuation losses and recovery gains have been reported as cost of goods sold.

2. The financial assets of the Company have not been pledged as collateral.

(V) Investments accounted for using the equity method

The Company's investments accounted for using the equity method on the reporting date are as follows:

	2024.12.31	2023.12.31 (after recompilation)
Subsidiary	\$ 2,547,568	2,595,181

1. Subsidiaries

Please refer to the consolidated financial report for 2024.

2. Affiliated enterprises

The affiliated enterprises of the Company using the equity method are individually insignificant, and the amounts included in the consolidated financial information of the Company's parent company only financial reports for the years 2024 and 2023 (after recompilation) are all zero.

3. TEX-RAY (CAYMAN), a subsidiary of the Company, sold 81% equity of its subsidiary Amray (Mexico) on July 1, 2023. Therefore, Amray (Mexico) is no longer a subsidiary from that date. Please refer to the consolidated financial report for the year 2024 for details

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on the relevant disposal.

4. On September 15, 2023, the Company signed an equity purchase and sale agreement with a related party to sell 600 thousand shares of Wiley Eco Print at a price of NT\$10 per share for a total transaction price of NT\$6,000 thousand. After the equity transfer, the Company's shareholding ratio decreased to 53.6%, and the difference between the transaction price and the net assets obtained was adjusted to a capital surplus of NT\$14,568 thousand.
5. On November 1, 2023, the Company fully established FABRICFOUNDRY TEX (PTY) LTD. with a capital of USD300 thousand.
6. On December 21, 2023, the Company adjusted its group organizational structure and merged TEX-RAY (BN) INTERNATIONAL CO., LTD. with FLYNN INTERNATIONAL LTD., with TEX-RAY (BN) INTERNATIONAL CO., LTD. as the surviving company.
7. On November 30, 2024, the Company adjusted its organizational structure. In order to effectively integrate resources and save operating and management costs. the Company merged with Zhengwei Industrial Co., Ltd. with the Company as the surviving company. The relevant legal registration procedures were completed on January 13, 2025. The Company therefore recompiled the parent company only financial report for the year 2023. Please refer to Note 12(2) for a detailed explanation of the impact.
8. The Company's investments using the equity method have not been used as collateral for loans.

(VI) Property, plant and equipment

The detailed changes in costs, depreciation, and impairment losses of property, plant, and equipment of the Company for fiscal years 2024 and 2023 are as follows:

	Land	Buildings and structures	Machines and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost:							
January 1, 2024 (after recompilation) \$	193,016	292,615	15,469	893	41,750	43,742	587,485
Addition	-	347	104	-	-	180	631
Disposal	-	-	(1,054)	(893)	(33,244)	(26,993)	(62,184)
Balance on December 31, 2024	\$ 193,016	292,962	14,519	-	8,506	16,929	525,932
January 1, 2023 (after recompilation) \$	193,016	292,362	15,469	1,104	41,640	35,878	579,469
Addition	-	253	-	148	121	7,864	8,386
Disposal	-	-	-	(359)	(11)	-	(370)
December 31, 2023 (after recompilation)	\$ 193,016	292,615	15,469	893	41,750	43,742	587,485
Depreciation and impairment losses							
January 1, 2024 (after recompilation) \$	-	80,277	10,784	747	39,611	35,856	167,275
Current depreciation	-	5,868	1,517	12	1,327	1,483	10,207
Disposal	-	-	(1,054)	(759)	(33,244)	(26,984)	(62,041)
Balance on December 31, 2024	\$ -	86,145	11,247	-	7,694	10,355	115,441
January 1, 2023 (after recompilation) \$	-	74,422	10,019	1,104	38,304	34,724	158,573

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Current depreciation	-	5,855	765	2	1,318	1,132	9,072
Disposal	-	-	-	(359)	(11)	-	(370)
December 31, 2023 (after recompilation)	<u>\$ -</u>	<u>80,277</u>	<u>10,784</u>	<u>747</u>	<u>39,611</u>	<u>35,856</u>	<u>167,275</u>
Book value:							
December 31, 2024	<u>\$ 193,016</u>	<u>206,817</u>	<u>3,272</u>	<u>-</u>	<u>812</u>	<u>6,574</u>	<u>410,491</u>
January 1, 2023 (after recompilation)	<u>\$ 193,016</u>	<u>217,940</u>	<u>5,450</u>	<u>-</u>	<u>3,336</u>	<u>1,154</u>	<u>420,896</u>
December 31, 2023 (after recompilation)	<u>\$ 193,016</u>	<u>212,338</u>	<u>4,685</u>	<u>146</u>	<u>2,139</u>	<u>7,886</u>	<u>420,210</u>

Please refer to Note 8 for details of the property, plant and equipment of the Company that have been used as collateral for credit lines.

(VII) Investment property

The detailed changes in the book values of the investment properties of the Company are as follows:

	<u>Land and improvements</u>	<u>Buildings and structures</u>	<u>Total</u>
Book value:			
January 1, 2024	\$ 990,825	95,391	1,086,216
Net loss due to fair value adjustment	<u>(4,476)</u>	<u>(2,225)</u>	<u>(6,701)</u>
Balance on December 31, 2024	<u>\$ 986,349</u>	<u>93,166</u>	<u>1,079,515</u>
January 1, 2023	\$ 995,127	99,286	1,094,413
Net loss due to fair value adjustment	<u>(4,302)</u>	<u>(3,895)</u>	<u>(8,197)</u>
Balance on December 31, 2023	<u>\$ 990,825</u>	<u>95,391</u>	<u>1,086,216</u>

1. The investment properties of the Company are subsequently measured at fair value based on repeatability, and the input values used for fair value evaluation techniques belong to Level 3. The adjustment of the beginning and ending book amounts of Level 3 is detailed in the detailed statement of changes above, and there is no transfer into or out from Level 3 of the fair value hierarchy.

The subsequent measurement of the investment properties of the Company is evaluated using the income method. The relevant important contract terms and evaluation information are as follows:

<u>Subject matter</u>	Rental portion of construction No. 6576, third sub-section of Zhongshan Section, Zhongshan District, Taipei	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Major contract terms	1. Rent: NT\$238 thousand/month 2. Lease term: 60 months 3. Deposit: NT\$460 thousand 4. Total annual tax each lessor shall bear:	1. Rent: NT\$238 thousand/month 2. Lease term: 60 months 3. Deposit: NT\$460 thousand 4. Total annual tax each lessor shall bear:

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	NT\$81 thousand	NT\$82 thousand
Local rental market condition	NT\$3,320/ping/month	NT\$3,290/ping/month
Rental prices of similar subjects	NT\$3,086/ping/month to NT\$3,661/ping/month	NT\$2,810/ping/month to NT\$3,634/ping/month
Current status	In normal use by the lessee	In normal use by the lessee
Capitalization rate of income	2.595%	2.47%
Discount rate	2.47%	2.345%
Outsourced or self valuation	Outsourced valuation	Outsourced valuation
Appraisal firm	GEPAC Real Estate Appraisers	GEPAC Real Estate Appraisers
Name of appraiser	Fu-Sheng Wang	Fu-Sheng Wang
Date of appraisal	December 31, 2024	December 31, 2023
Fair value per outsourced valuation	NT\$61,800 thousand	NT\$63,970 thousand
Subject matter	Land No. 38, Dehu #4 Section, Zhongshan District, Taipei and its buildings	
	December 31, 2024	December 31, 2023
Major contract terms	1. Rent: NT\$44 thousand/month 2. Lease term: 12 months 3. Deposit: None.. 4. Total annual tax each lessor shall bear: NT\$13 thousand	1. Rent: NT\$44 thousand/month 2. Lease term: 12 months 3. Deposit: None.. 4. Total annual tax each lessor shall bear: NT\$16 thousand
Local rental market condition (note)	NT\$1,280/ping/month	NT\$1,230/ping/month
Rental prices of similar subjects	NT\$1,214/ping/month to NT\$1,255/ping/month	NT\$1,253/ping/month to NT\$1,378/ping/month
Current status	In normal use by the lessee	In normal use by the lessee
Capitalization rate of income	2.595%	2.47%
Discount rate	2.47%	2.345%
Outsourced or self valuation	Outsourced valuation	Outsourced valuation
Appraisal firm	GEPAC Real Estate Appraisers	GEPAC Real Estate Appraisers
Name of appraiser	Fu-Sheng Wang	Fu-Sheng Wang

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Date of appraisal	December 31, 2024	December 31, 2023
Fair value per outsourced valuation	NT\$12,870 thousand	NT\$13,110 thousand

<u>Subject matter</u>	Land No. 868 and its buildings in Zhenqian section, Changhua County	
	December 31, 2024	December 31, 2023
Major contract terms	1. Rent: NT\$300 thousand/month 2. Lease term: 60 months 3. Deposit: NT\$0 thousand 4. Total annual tax each lessor shall bear: NT\$169 thousand	1. Rent: NT\$178~309 thousand/month 2. Lease term: 36 months 3. Deposit: NT\$0 thousand 4. Total annual tax each lessor shall bear: NT\$152 thousand
Local rental market condition (note)	NT\$300/ping/month to NT\$400/ping/month	NT\$300/ping/month to NT\$400/ping/month
Rental prices of similar subjects	Same as above	Same as above
Current status	In normal use by the lessee	In normal use by the lessee
Capitalization rate of income	2.47%	2.50%
Discount rate	2.47%	2.35%
Outsourced or self valuation	Outsourced valuation	Outsourced valuation
Appraisal firm	GEPAC Real Estate Appraisers	GEPAC Real Estate Appraisers
Name of appraiser	Fu-Sheng Wang	Fu-Sheng Wang
Date of appraisal	December 31, 2024	December 31, 2023
Fair value per outsourced valuation	NT\$80,835 thousand	NT\$81,716 thousand

<u>Subject matter</u>	20 lots of land and buildings in Shengli section, Rende District, Tainan at lot numbers 228-240, 240-1, 241, 531, 531-1, and 533-535	
	December 31, 2024	December 31, 2023
Local rental market condition (note)	NT\$220/ping/month to NT\$268/ping/month	NT\$230/ping/month to NT\$269/ping/month
Rental prices of similar subjects	Same as above	Same as above
Current status	Renting in progress	Renting in progress
Capitalization rate of income	2.595%	2.47%

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income		
Discount rate	2.47%	2.345%
Outsourced or self valuation	Outsourced valuation	Outsourced valuation
Appraisal firm	GEPAC Real Estate Appraisers	GEPAC Real Estate Appraisers
Name of appraiser	Fu-Sheng Wang, Ming-Chuan Chen	Fu-Sheng Wang, Ming-Chuan Chen
Date of appraisal	December 31, 2024	December 31, 2023
Fair value per outsourced valuation	NT\$924,010 thousand	NT\$927,420 thousand

Note: If actual leasing cases cannot be obtained within the area of the subject property, the selection of rental comparison cases in the appraisal report is based on the land use of the subject property. Three appropriate comparison cases are selected within the adjacent area, and after the analysis, comparison, and adjustment, the reasonable market rent of the subject property is obtained.

According to Article 34 of the Regulations on Real Estate Appraisal, the valuation procedure of the income method includes calculating effective total income, calculating total expenses, calculating net income, determining discount rates, and calculating income prices. The estimation of the above parameters is made by collecting relevant data from the past three years of the survey and evaluation target, as well as comparison targets with similar or identical characteristics. Through comprehensive analysis and judgment of their sustainability, stability, and growth situation, adjustments are made to confirm the availability and rationality of the data. The changes in future income (cash inflows) and expenses (cash outflows) are determined based on the historical income and expenditure (cash flows) of the appraised subject, income and expenditure (cash flows) of the same industry or alternative comparative subjects, idle or loss ratio, and current or future possible planned income and expenditure. The objective net income after deducting the total expenses from the total revenue is calculated based on the objective net income of the most effective use of the assessed object, taking into account the income of similar real estate properties in the most effective use scenario.

The determination of discount rate is based on the risk premium method, which considers factors such as bank fixed deposit interest rates, government bond interest rates, the risk of real estate investment, currency fluctuations, and the trend of real estate prices. The most general investment return rate is selected as the benchmark, and the difference between the investment property and individual characteristics of the target is adjusted before making the decision. The discount rate for this transaction is based on the two-year postal fixed deposit floating interest rate of not less than 0.75% as announced by Chunghwa Post Co., Ltd., taking into account factors such as the subject's income

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situation, liquidity, risk, appreciation, and management difficulty. Risk premium is added on December 31, 2024 and 2023 to determine the discount rates for the subject, which are 2.47% and 2.345% to 2.35%, respectively. The estimation of income capitalization is based on the weighted average of the net income of the comparative object divided by the price.

2. Please refer to Note 8 for details on the Company's pledge of investment properties as collateral.
3. The investment properties of the Company is evaluated at fair value, and the resulting benefits is then measured accordingly. Please refer to Note 6(19) for details.

(VIII) Other financial assets

	2024.12.31	2023.12.31
Current:		
Restricted deposits	<u><u>\$ 262,266</u></u>	<u><u>212,010</u></u>
Non-current:		
Restricted deposits	\$ 101,478	3,000
Refundable deposits	<u>1,960</u>	<u>1,840</u>
	<u><u>\$ 103,438</u></u>	<u><u>4,840</u></u>

(IX) Short-term loans

The details of the short-term loans of the Company are as follows:

	2024.12.31	2023.12.31
Unsecured bank loans	<u><u>\$ 475,000</u></u>	<u><u>320,000</u></u>
Credit line not yet used	<u><u>\$ 563,550</u></u>	<u><u>563,550</u></u>
Interest rate range	1.98%~2.25%	1.90%~2.11%

The Company has not pledged assets as collateral for short-term bank loans.

(X) Short-term notes payable

The Company's short-term notes payable are as follows:

	2024.12.31	2023.12.31
Commercial paper payable	\$ 790,000	710,000
Less: Discounts not amortized	<u>(1,002)</u>	<u>(718)</u>
Net amount	<u><u>\$ 788,998</u></u>	<u><u>709,282</u></u>
Interest rate range	1.55%~1.97%	1.95%~2.31%

1. The guarantee or acceptance institutions for the short-term bills payable above are five joint -ending banks including Chang Hwa Bank, China Bills, TCB Bills, International Bills, and Mega Bills.
2. Please refer to Note 8 for details on the guarantee situation of the Company using assets as guarantees for short-term notes payable.

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(XI) Long-term borrowing

The details, conditions, and terms of the long-term borrowings of the Company are as follows:

	2024.12.31	2023.12.31
Secured bank loans	\$ 1,466,306	1,515,694
Less: current portion	(50,561)	(49,440)
Loan handling fee	(1,593)	(2,997)
Net amount	\$ 1,414,152	1,463,257
Credit line not yet used	\$ 158,000	158,000
Interest rate range	2.36%~2.4993%	2.24%~2.3092%
Maturity intervals	2027.05~2029.05	2027.05~2029.05

1. On April 14, 2022, the Company signed a five-year syndicated loan agreement worth NT\$1.2 billion with five joint-lending banks, including Chang Hwa Bank. The funds obtained from the syndicated loan case are used to repay the outstanding balance of the previous syndicated loan case before the signing date and to enrich the working capital. According to the provisions of the syndicated loan agreement, the Company shall calculate and maintain a specific current ratio, debt ratio, and tangible net worth based on the annual parent company only financial report audited and certified by certified public accountants during the loan term. The Company met the aforementioned financial ratios on December 31, 2024.
2. Please refer to Note 8 for details on the guarantee situation of the Company using assets as collateral for bank loans.

(XII) Operating leases

Please refer to Notes 6(7) for details on the situation where the Company leases assets through operating leases.

The analysis of lease payment maturities is presented in the following table based on the total amount of undiscounted lease payments to be received after the reporting date:

	2024.12.31	2023.12.31
Less than 1 year	\$ 11,2025	12,431
1 to 2 years	3,968	4,149
2 to 3 years	4,112	4,149
3 to 4 years	2,964	4,149
4 to 5 years	-	3,668
Total undiscounted lease payments	\$ 22,158	28,546

Please refer to Note 6(19) for the rental income generated from investment properties and rental assets in 2024 and 2023.

(XIII) Employee benefits

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1. Defined benefit plan

The adjustment between the present value of benefit obligations and the fair value of plan assets determined by the Company is as follows:

	2024.12.31	2023.12.31
Present value of benefit obligations	\$ -	(19,653)
Fair value of planned assets	-	13,210
Net defined benefit liabilities	\$ -	(6,443)

The allocation of the defined benefit plan of the Company is transferred to the Labor Pension Reserve Special Account of Bank of Taiwan. The pension payment for each employee under the Labor Standards Act is calculated based on the base amount obtained from service experience and the average salary of the six months prior to retirement.

(1) Composition of plan assets

The pension fund allocated by the Company in accordance with the Labor Standards Act is centrally managed by the Bureau of Labor Fund of the Ministry of Labor. According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum income distributed in the annual final accounts of the fund utilization shall not be lower than the income calculated based on the local bank's two-year fixed deposit interest rate.

As of the reporting date, the balance of the Bank of Taiwan Labor Pension Reserve Special Account of the Company was NT\$0, because the Company settled the benefit plan with employees, and withdrew the balance of NT\$5,496 thousand from the special account in August 2024 after the settlement of the defined benefit obligations.

(2) Changes in the present value of defined benefit obligations

The changes in the present value of defined benefit obligations determined by the Company for fiscal years 2024 and 2023 are as follows:

	2024	2023
Defined benefit obligations on January 1	\$ (19,653)	(30,390)
Current service costs and interest	(259)	(416)
Remeasurement of net defined benefit liabilities		
- Actuarial gains and losses adjusted based on experience	22	556
- Actuarial gains and losses arising from changes in financial assumptions	413	(252)
Benefits paid for the plan	9,661	-
Impact of plan settlement	9,816	10,849
Defined benefit obligations on December 31	\$ -	(19,653)

(3) Changes in the present value of plan assets

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The changes in fair value of the defined benefit plan assets for fiscal years 2024 and 2023 of the Company are as follows:

	2024	2023
Fair value of plan assets as of January 1	\$ 13,210	20,067
Interest income	156	262
Remeasurement of net defined benefit liabilities		
- Return of plan assets (excluding current interest)	1,515	229
Amount already appropriated to the plan	276	2,927
Settlement amount paid	(9,661)	(10,275)
Amount settled and collected	(5,496)	-
Fair value of plan assets as of December 31	\$ -	13,210

(4) Change in impact on asset cap: None ◦

(5) Expenses recognized as profit or loss

The details of expenses that should be reported as expenses in the actuarial reports for fiscal years 2024 and 2023 of the Company are as follows:

	2024	2023
Current service cost	\$ 29	27
Net interest of net defined benefit plan	74	127
Pre-service costs and settlement gains and losses	-	(574)
	\$ 103	(420)

The actual expenses reported by the Company for fiscal years 2024 and 2023 are as follows:

	2024	2023
Selling expenses	\$ 45	(238)
Administrative expenses	26	(128)
R&D expenses	32	(54)
	\$ 103	(420)

(6) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of benefit obligations as of the financial reporting date are as follows:

	2023.12.31
Discount rate	1.20%
Future wage increment	2.00%

(7) Sensitivity analysis

The impact of changes in the major actuarial assumptions on the present value of

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the defined benefit plan on December 31, 2023 is as follows:

	Impact on the defined benefit plan	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate	(340)	351
Future wage increment	347	(338)

The sensitivity analysis mentioned above is based on analyzing the impact of a single hypothesis change while keeping other assumptions constant. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet.

2. Defined allocation plan

The defined allocation plan for the Company is based on the provisions of the Labor Pension Regulations, and is allocated to the Labor Pension Personal Account of the Bureau of Labor Insurance according to 6% of the labor's monthly wage. Under this plan, the Company will allocate a fixed amount to the Bureau of Labor Insurance, and there will be no legal or constructive obligation to pay additional amounts.

The pension expenses for the Company in fiscal years 2024 and 2023 under the defined pension fund allocation system were NT\$6,741 thousand and NT\$7,857 thousand, respectively, which have been allocated to the Bureau of Labor Insurance.

(XIV) Income tax

1. Income tax expenses

The detailed income tax expenses for fiscal years 2024 and 2023 of the Company are as follows:

	2024	2023
Current income tax expense		
Current income tax	\$ -	-
Adjustment to the income tax for the previous period	-	(1,082)
	-	(1,082)
Deferred income tax expense		
Occurrence and reversal of temporary differences	9,939	(6,072)
Income tax expense for continuing operation units	\$ 9,939	(7,154)

The detailed breakdown of income tax expense directly recognized in equity for fiscal years 2024 and 2023 of the Company is as follows:

	2024	2023
Items not reclassified to profit or loss:		

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Gains (losses) on remeasurements of defined benefit plans	\$	<u>(654)</u>	<u>-</u>
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The adjustment to the relationship between the income tax expense and pre-tax profit (loss) of the Company for fiscal years 2024 and 2023 is as follows:

		<u>2024</u>	<u>2023</u>
Profit (loss)	\$	118,279	(172,917)
Income tax calculated based on the domestic tax rate of the company's location		23,656	(34,583)
Recognition of investment (profit) losses using the equity method		(17,715)	23,534
Underestimate in the previous period		-	(1,082)
Others		3,998	4,977
	\$	<u>9,939</u>	<u>(7,154)</u>

2. Deferred tax assets and liabilities already recognized

The changes in deferred income tax assets and liabilities for years 2024 and 2023 are as follows:

(1) Deferred tax assets:

		<u>Unrealized valuation losses</u>	<u>Unrealized sales profit</u>	<u>Unrealized exchange loss</u>	<u>Others</u>	<u>Total</u>
January 1, 2024	\$	8,657	846	5,951	1,488	16,942
Recognized in profit or loss		(1,279)	1,071	(5,951)	48	(6,111)
December 31, 2024	\$	<u>7,378</u>	<u>1,917</u>	<u>-</u>	<u>1,536</u>	<u>10,831</u>
January 1, 2023	\$	8,599	2,159	-	1,536	12,294
Recognized in profit or loss		58	(1,313)	5,951	(48)	4,648
December 31, 2023	\$	<u>8,657</u>	<u>846</u>	<u>5,951</u>	<u>1,488</u>	<u>16,942</u>

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(2) Deferred income tax liabilities:

	Defined benefit plan	land-value increment tax	Unrealized exchange gains	Total
January 1, 2024	\$ 654	177,045	-	177,699
Recognized in profit or loss	-	-	3,828	3,828
Recognized in other comprehensive income	(654)	-	-	(654)
December 31, 2024	\$ -	177,045	3,828	180,873
January 1, 2023	\$ 654	177,045	1,424	179,123
Recognized in profit or loss	-	-	(1,424)	(1,424)
December 31, 2023	\$ 654	177,045	-	177,699

3. The Company's profit-seeking business income tax settlement declaration has been approved by the tax collection authority up to the year 2021.

(XV) Capital and other equity

1. Issuance of ordinary shares

On June 27, 2013, the Company passed a resolution at the shareholders' meeting to issue ordinary shares from cash capital increase through private placement. The board meeting also passed a resolution to issue 42,052 thousand ordinary shares at a private placement price of NT\$12.8 per share, with a face value of NT\$10 per share, totaling NT\$420,524 thousand. On April 23, 2014, the board meeting resolved to adopt April 28 of the same year as the ex-date for capital increase, and the relevant legal registration procedures have been completed.

On December 4, 2018, the Company passed a resolution at an extraordinary shareholders' meeting to issue ordinary shares from cash capital increase through private placement. The board meeting also passed a resolution to issue 23,362 thousand ordinary shares at a private placement price of NT\$10.16 per share, with a face value of NT\$10 per share, totaling NT\$237,363 thousand. The capital increase ex-date was December 12, 2018, and the relevant legal registration procedures were completed on January 3, 2019.

As of December 31, 2024 and 2023, the total rated share capital of the Company is NT\$3,000,000 thousand, with a face value of NT\$10 per share, divided into 300,000 thousand shares. The total rated share capital mentioned above is for ordinary shares, and the number of issued shares is 233,625 thousand. All proceeds from the issued shares have been received.

The transfer of the above-mentioned private placement ordinary shares and their subsequent free allotment shares shall be handled in accordance with Article 43-8 of the Securities and Exchange Act, and after three years from the settlement date of the private

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placement ordinary shares, the Company shall first apply to the Financial Supervisory Commission for public issuance before applying to the Stock Exchange for listing and trading.

2. Capital surplus

The balance of the Company's capital reserve is as follows:

	2024.12.31	2023.12.31
Premium from share issuing	\$ 121,485	121,485
Corporate bond conversion premium	14,648	14,648
Treasury stock trading	3,949	3,949
Difference between the actual acquisition price of subsidiary equity and the book value	110,415	110,415
Using equity method to recognize changes in net equity value of subsidiaries	3,769	3,516
Gifts from shareholders	254	254
	\$ 254,520	254,267

According to the Company Act, the capital surplus must first be used to cover losses before the realized capital surplus can be distributed in new shares or cash in proportion to the shareholders' original shareholdings. The realized capital surplus referred to in the preceding paragraph includes the excess income from issuing shares exceeding the face value and the income from gifts. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that can be allocated as capital each year shall not exceed 10% of the paid-in capital.

3. Retained earnings

According to the Company's articles of association, if there is a surplus after the annual settlement, taxes should be paid first to make up for accumulated losses, and then 10% should be set aside as legal reserve. After setting aside or reversing the special reserve in accordance with relevant laws and regulations, the disposal of any undistributed earnings shall be proposed by the board of directors and submitted to the shareholders' meeting for resolution along with the previous year's distribution proposal.

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

(1) Legal surplus

When the Company has no losses, it may, through a resolution of the shareholders'

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meeting, issue new shares or cash from the legal reserve, but only up to the portion of the reserve that exceeds 25% of the paid-in capital.

(2) Special reserve

The Company adopts the fair value model for the subsequent measurement of investment properties. According to the regulations of the Financial Supervisory Commission, the net increase in fair value measured by the fair value model for the first time is transferred to the retained earnings portion, and a special reserve of the same amount is set aside. When the Company distributes distributable earnings annually, the special reserve should be set aside in the following order:

For the net increase in fair value resulting from the continued use of the fair value model to measure investment properties in the current year, a special reserve of the same amount shall be set aside from the current period's profit and loss and the previous period's undistributed earnings. If the accumulated net increase in fair value in the previous period is included, the same amount of special reserve as the undistributed earnings in the previous period shall not be distributed. If the accumulated net increase in fair value recorded as investment property decreases or the investment property is disposed of later, the reduced portion may be redistributed as earnings according to the disposal.

At the end of the period, for the difference between the market value of the parent company's stock held by a subsidiary and its book value, the same amount of special reserve shall be allocated based on the shareholding ratio and shall not be distributed. If there is a rebound in the market price afterwards, the amount of that part may be converted back into the special reserve according to the shareholding ratio.

The difference between the net decrease in other shareholders' equity recorded in the current year and the balance of the special reserve mentioned in the previous paragraph shall be supplemented by a special reserve from the current period's profit and loss and the undistributed earnings in the previous period. The amount of other shareholders' equity deductions accumulated in the previous period shall be supplemented with the special reserve from the undistributed earnings of the previous period and shall not be distributed. When there is a reversal of the amount of reduction of other shareholders' equity in the future, the surplus may be distributed based on the reversed portion.

(3) Earnings distribution

The Company has decided not to distribute dividends at the general shareholders' meeting on June 14, 2024 and June 9, 2023, respectively. Please inquire at the MOPS on relevant information.

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(XVI) Earnings per share

The calculation of basic earnings (loss) per share of the Company for fiscal years 2024 and 2023 is as follows:

1. Basic earnings (loss) per share

	2024	2023
Net profit (loss) attributable to ordinary equity holders of the Company	\$ 108,340	(165,763)
Weighted average number of outstanding ordinary shares (in thousands)	233,625	233,625
Earnings (loss) per share attributable to the Company (NT\$)	\$ 0.46	(0.71)

2. Diluted earnings (loss) per share

Net profit (loss) attributable to ordinary equity holders of the Company	\$ 108,340	(165,763)
Weighted average number of outstanding ordinary shares (in thousands)	233,625	233,625
Impact of employee stock compensation	72	-
Weighted average number of outstanding ordinary shares (in thousands) (after adjusting for the potential impact of dilution on ordinary shares)	233,697	233,625
Earnings (loss) per share attributable to the Company (NT\$)	\$ 0.46	(0.71)

(XVII) Revenue from customer contracts

1. Breakdown of income

	2024	2023
Major regional markets:		
Taiwan	\$ 187,754	233,250
Americas	1,731,430	1,411,742
Asia	421,497	344,177
Europe	14,888	9,257
Africa	147,711	119,325
Other countries	-	386
	\$ 2,503,280	2,118,137

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2. Contract balance

	2024.12.31	2023.12.31	2023.01.01
Accounts receivable	\$ 392,473	242,722	167,522
Accounts receivable - related party	142,523	65,371	115,349
Less: Loss allowance	(2,509)	(19)	(6)
	\$ 532,487	308,074	282,865

Please refer to Note 6(3) for detailed disclosure of accounts receivable and their losses.

(XVIII) Employees' and directors' remuneration

According to the Company's articles of association, if there is a profit in the year, 2% should be allocated as employee remuneration, which shall be distributed by board resolution in the form of stocks or cash. The distribution recipients may include employees of subsidiary companies who meet certain conditions. The Company shall allocate no more than 2% of the above profits as director's remuneration by board resolution. Employees' and directors' remuneration distribution proposals shall be submitted to the shareholders' meeting for reporting. But when the Company still has an cumulative loss, it should reserve the amount to be compensated in advance, and then allocate employees' remuneration and directors' remuneration according to the proportion mentioned in the preceding paragraph.

The employees' remuneration and directors' remuneration of the Company for the year 2024 were both NT\$738 thousand, calculated based on the pre-tax profit of the Company before deducting employees', directors', and supervisor's remuneration, multiplied by the distribution ratio of employees', directors', and supervisor's remuneration stipulated in the Company's articles of association, and reported as operating expenses for the year 2024. As there was a loss in 2023, no employees' and directors' remuneration was estimated.

There is no difference between the amount provided for employees' remuneration and directors' remuneration of the Company and the actual distribution amounts for the years 2024 and 2023. Relevant information can be found on the MOPS.

(XIX) Non-operating income and expenses

1. Other income

The detailed income tax expenses for fiscal years 2024 and 2023 (after recompilation) of the Company are as follows:

	2024	2023 (after recompilatio)
Rental income	\$ 13,179	14,287
Administrative service income	-	9,013
Dividend income	256	546

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Others	1,162	2,006
	\$ 14,597	25,852

2. Other gains and losses

The detailed income tax expenses of the Company for fiscal years 2024 and 2023 are as follows:

	2024	2023
Proceeds from disposal of property, plant and equipment	\$ 38	100
Loss on fair value adjustment, investment property	(5,580)	(6,540)
Net foreign exchange gains	88,357	6,058
Income from settlement of the old pension system	9,816	-
Miscellaneous income	5,267	4,271
	\$ 97,898	3,889

3. Interest income

The detailed interest income of the Company for fiscal years 2024 and 2023 (after recompilation) as follows:

	2024	2023 (after recompilation)
Interest income		
Bank deposit interest	\$ 34,527	21,896
Deposit interest calculated	56	22
Fund lending interest	4,136	2,393
	\$ 38,719	24,311

4. Interest expense

The detailed income tax expenses for fiscal years 2024 and 2023 of the Company are as follows:

	2024	2023
Interest expense		
Bank loan interest	\$ 56,482	47,984
Amortization of lease liabilities	421	489
	\$ 56,903	48,473

(XX) Financial Instruments

1. Types of financial instruments

(1) Financial assets

	2024.12.31	2023.12.31 (after
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		<u>recompilation)</u>
Financial assets measured at fair value through other comprehensive income	\$ 41,044	27,764
Financial assets measured at amortized cost:		
Cash and cash equivalents	622,771	610,330
Accounts receivable	676,307	437,665
Other current financial assets	262,266	212,010
Other non-current financial assets	103,438	4,840
Subtotal	<u>1,664,782</u>	<u>1,264,845</u>
Total	<u>\$ 1,705,826</u>	<u>1,292,609</u>

(2) Financial liabilities

	<u>2024.12.31</u>	<u>2023.12.31 (after recompilation)</u>
Financial assets measured at amortized cost		
Short-term loans	\$ 475,000	320,000
Short-term notes payable	788,998	709,282
Accounts payable	373,521	307,846
Lease liabilities	20,180	23,636
Long-term borrowings (including the current portion)	<u>1,464,713</u>	<u>1,512,697</u>
Total	<u>\$ 3,122,412</u>	<u>2,873,461</u>

2. Credit risks

(1) Credit risk exposure

The book value of financial assets and contract assets represents the maximum credit risk amount. The maximum credit exposure amounts for December 31, 2024 and 2023 (after recompilation) were NT\$1,705,826 thousand and NT\$1,292,609 thousand, respectively.

(2) The customers of the Company are concentrated in retail and wholesale industries such as fabrics or clothing. In order to reduce credit risk, the Company continuously evaluates the financial status of customers and conducts individual evaluations based on the signs of impairment and credit risk characteristics of accounts receivable, and for some customers accounts receivable insurance operations are handled. As of December 31, 2024 and 2023, 6 customers constituted 89% and 90% of the Company's accounts receivable balance, respectively, resulting in a substantial concentration of credit risk.

(3) Please refer to Note 6(3) for detailed information on credit risk exposure of notes and accounts receivable.

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3. Liquidity risk

The following table shows the contract maturity dates of financial liabilities, including estimated interest but excluding the impact of net amount agreements.

	<u>Book value</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2024							
Non-derivative financial liabilities							
Secured bank loans	\$ 1,466,306	1,497,755	31,377	46,556	93,477	1,326,345	-
Unsecured bank loans	475,000	476,659	476,659	-	-	-	-
Short-term notes payable	788,998	790,000	790,000	-	-	-	-
Accounts payable	373,521	373,521	373,521	-	-	-	-
Lease liabilities	20,180	20,780	3,663	3,663	7,2025	6,340	-
	\$ 3,124,005	3,158,715	1,675,220	50,219	100,591	1,332,685	-
December 31, 2023 (After recompilation)							
Non-derivative financial liabilities							
Secured bank loans	\$ 1,515,694	1,662,624	41,654	41,654	2024,076	616,381	849,859
Unsecured bank loans	320,000	320,836	320,836	-	-	-	-
Short-term notes payable	709,282	710,000	710,000	-	-	-	-
Accounts payable	307,846	307,846	307,846	-	-	-	-
Lease liabilities	23,636	24,545	3,341	3,092	6,184	11,928	-
	\$ 2,876,458	3,025,851	1,383,677	44,746	119,260	628,309	849,859

The Company does not expect the cash flow of the maturity date analysis to occur significantly earlier, or the actual amount to be significantly different.

4. Exchange rate risk

(1) Exchange rate risk exposure

The financial assets and liabilities of the Company exposed to significant foreign currency exchange rate risk are as follows:

	<u>2024.12.31</u>			<u>2023.12.31</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 46,316	32.785	1,518,484	38,988	30.705	1,197,127
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	6,083	32.785	199,430	4,730	30.705	145,235

(2) Sensitivity analysis

The exchange rate risk of the Company's monetary items mainly comes from cash and cash equivalents denominated in foreign currencies, accounts receivable, other

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receivables, other financial assets, accounts payable, and other payables, which generate foreign currency exchange gains and losses during conversion. On December 31, 2024 and 2023, if NTD depreciated or appreciated by 1% relative to USD, while all other factors remained unchanged, the after-tax profit for the years 2024 and 2023 would increase or decrease by NT\$13,191 thousand and NT\$10,519 thousand, respectively.

(3) Exchange gains and losses of monetary items

Due to the wide variety of functional currencies in the Company, the exchange gains and losses of monetary items were disclosed through consolidation. The foreign currency exchange gains and losses (including realized and unrealized gains and losses) for fiscal years 2024 and 2023 were NT\$88,357 thousand and NT\$6,058 thousand, respectively.

5. Interest rate analysis

The book value of financial assets and financial liabilities of the Company that were exposed to interest rate exposure on the reporting date are as follows:

	Fixed rate instruments		Variable interest rate tool	
	2024.12.31	2023.12.31	2024.12.31	2023.12.31
Financial assets	\$ 756,702	591,390	227,632	233,021
Financial liabilities	(809,178)	(732,918)	(1,939,713)	(1,832,697)
	<u>\$ (52,476)</u>	<u>(141,528)</u>	<u>(1,712,081)</u>	<u>(1,599,676)</u>

The following sensitivity analysis is determined based on the interest rate exposure of derivative and non-derivative instruments on the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding on the reporting date remains outstanding throughout the year. The change rate used by the Company to report interest rates to the main management is a 1% increase or decrease in interest rates, which also represents the management's evaluation of the reasonable and possible range of interest rate changes.

If the interest rate increased or decreased by 1%, and all other variables remained unchanged, the profit (loss) of the Company for the years 2024 and 2023 would decrease or increase by NT\$17,121 thousand and NT\$15,997 thousand respectively, mainly due to the variable interest rate borrowings of the Company.

6. Other price risks

On the reporting date, if the stock prices change (on the same basis and assuming that other factors of change remained unchanged), the impact on the comprehensive income items would be as follows:

Securities prices on	2024	2023 (after recompilation)
	After-tax	After-tax

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<u>the reporting day</u>	<u>amount of other comprehensive income</u>	<u>amount of other comprehensive income</u>
Up 7%	\$ 2,873	1,943
Down 7%	(2,873)	(1,943)

7. Fair value information

(1) Types and fair value of financial instruments

	2024.12.31				Total
	Book value	Fair value			
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through comprehensive income					
Domestic non-listed stocks	\$ 41,044	-	-	41,044	41,044
	2023.12.31(after recompilation)				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets measured at fair value through comprehensive income					
Domestic non-listed stocks	\$ 27,764	-	-	27,764	27,764

(2) Fair value assessment techniques for financial instruments not measured at fair value

The methods and assumptions used by the Company to estimate non fair value instruments are as follows:

(2.1) Financial liabilities measured at amortized cost (non-active market debt instrument investments)

If there is transaction or market maker quotation data, the most recent transaction price and quotation data shall be used as the basis for evaluating fair value. If there is no market value available for reference, evaluation methods are used for estimation. The estimation and assumptions used in the evaluation method are based on the discounted value of cash flows for estimation of fair value.

(3) Fair value evaluation techniques for measuring financial instruments at fair value

The Company determines the fair value of financial assets and financial liabilities according to the following methods:

(3.1) The fair value of financial assets and financial liabilities, such as stocks of listed (or over-the-counter) companies, which have standard terms and conditions and are traded in active markets, is determined by reference to market quotations.

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(3.2) For the equity instruments held by the Company without a publicly quoted price which belong to an inactive market:

- Use the discounted cash flow model to estimate fair value; the main assumption is to measure the expected standard return of the investee at a capitalization rate that reflects investment risk.
- Use the market comparable company method to estimate the fair value; the main assumption is based on the net asset value ratio of the market average stock prices of comparable listed (or over-the-counter) companies of the investee. This estimate has been adjusted for the lack of market liquidity of the equity securities, and the discount effect of minority equity discounts.

(3.3) The fair value of other financial assets and financial liabilities other than those mentioned above is determined based on a generally accepted pricing model using discounted cash flow analysis.

(4) Table of changes in Level 3

	Equity instruments without publicly quoted prices
January 1, 2024 (after recompilation)	\$ 27,764
Recognized in other comprehensive income	(6,165)
Transfer from prepaid investment funds	6,165
Purchase	13,280
December 31, 2024	41,044
January 1, 2023 (after recompilation)	\$ 24,512
Recognized in other comprehensive income	(6,968)
Purchase	10,220
December 31, 2023 (after recompilation)	\$ 27,764

The fair value measurement of financial instruments classified as Level 3 by the Company is reasonable. Using different evaluation parameters may result in different evaluation results, but the impact on other comprehensive income for the current period is not significant.

The total profit or loss above are recognized under "unrealized valuation losses on financial assets measured at fair value through other comprehensive income". Those related to assets still held as of December 31, 2024 and 2023 are as follows:

	2024	2023 (after recompilatio)
Total profit or loss		
Recognized in other comprehensive income	\$ (6,165)	(6,968)

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(5) Transfer between levels

There was no transfer of financial instruments held by the Company in fiscal years 2024 and 2023.

(XXI) Financial risk management

1. Summary

The Company is exposed to the following risks due to the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note expresses the exposure information of the above-mentioned risks of the Company, as well as the goals, policies, and procedures of the Company for measuring and managing risks. For further quantitative disclosure, please refer to the respective notes in the parent company only financial report.

2. Risk management framework

The financial management department of the Company provides services to various businesses, coordinates and operates in both domestic and international financial markets, and supervises and manages financial risks related to the operation of the Company by analyzing internal risk reports based on risk levels and breadth. Internal auditors continuously review policy compliance and exposure limits. The Company has not engaged in trading of financial instruments (including derivative financial instruments) for speculative purposes.

3. Credit risks

Credit risk refers to the risk of financial losses incurred by the Company due to the inability of customers or counterparties of financial instruments to fulfill contractual obligations, mainly from the accounts receivable from customers and securities investments of the Company.

(1) Accounts receivable and other receivables

The policy adopted by the Company is to only conduct transactions with reputable entities and obtain collateral as necessary to mitigate the risk of financial losses caused by default. The Company only trades with enterprises rated equivalent to investment grade. This information is provided by an independent rating agency. If such information cannot be obtained, the Company will use other publicly available financial information and mutual transaction records to evaluate its major customers. The Company continues to monitor credit risk and counterparty credit ratings, and distributes the total transaction amount to customers with qualified credit ratings. Credit risk is controlled through annual review and approval of counterparty credit limit limits.

The objects of accounts receivable cover numerous customers, scattered across

Notes to parent company only financial report of TEX-RAY INDUSTRIAL CO., LTD. and subsidiaries

different geographical regions. The Company continues to evaluate the financial condition of its accounts receivable customers.

(2) Investment

The credit risk of bank deposits, fixed income investments, and other financial instruments is measured and monitored by the finance department of the Company. Due to the fact that the trading partners and performing parties of the Company are all banks with good credit ratings, financial institutions with investment grades or above, corporate organizations, and government agencies, and there are no significant performance concerns, there is no significant credit risk.

(3) Guarantee

The policy of the Company stipulates that financial guarantees can only be provided to controlled subsidiaries. In addition, on December 31, 2024 and 2023, the Company did not provide any endorsement or guarantee to external parties.

4. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The management of the company supervises the use of bank financing limits and ensures compliance with loan contract terms.

Bank loans are an important source of liquidity for the Company. The unused bank financing amount of the Company on December 31, 2024 and 2023 was both NT\$721,550.

5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument prices, may affect the earnings or value of financial instruments held by the Company. The goal of market risk management is to control the degree of market risk exposure within an acceptable range and optimize investment returns.

(1) Exchange rate risk

The Company is exposed to exchange rate risks arising from sales, procurement, and borrowing transactions that are not denominated in the functional currency of each group enterprise. The functional currency of the group enterprises is mainly the New Taiwan Dollar, but there are also US Dollar and South African Rand. The main valuation currencies for such transactions include New Taiwan Dollar and US Dollar.

The loan interest is calculated based on the currency of the loan principal. Generally, the currency of borrowings is the same as the currency of the Company's operating cash flows, which is primarily New Taiwan Dollar. In this situation, economic

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hedging is provided without the need to sign derivative instruments, therefore hedge accounting is not adopted.

When short-term imbalances occur regarding monetary assets and liabilities denominated in other foreign currencies, the Company ensures that net exposure remains at an acceptable level by buying or selling foreign currencies at real-time exchange rates.

(2) Interest rate risk

The Company borrows funds at both fixed and floating interest rates, resulting in fair value change risk and cash flow risk. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

(3) Other market risks

The Company incurred equity price exposure due to non-TWSE and non-TPEX listed securities investments. The Company has not actively traded such investments, and the management continuously monitors price risk and evaluates when changes to the investment portfolio are necessary at any time.

(XXII) Capital management

The capital management objective of the Company is to ensure its ability to continue operating, to continuously provide shareholder compensation and other stakeholder benefits, and to maintain the optimal capital structure to reduce the cost of capital.

To maintain or adjust its capital structure, the company may adjust the dividends paid to shareholders, reduce capital and refund shareholders' share proceeds, issue new shares, or sell assets to settle liabilities.

The company, like its peers, controls its capital based on the debt to capital ratio. This ratio is calculated by dividing net liabilities by total capital. Net liabilities are the total liabilities shown on the balance sheet minus cash and cash equivalents. The total capital is the sum of all components of equity (i.e. share capital, capital surplus, retained earnings, and other interests) plus net liabilities.

The capital management strategy of the Company in 2024 is consistent with that of 2023. The debt to capital ratios as of December 31, 2024 and 2023 are as follows:

	2024.12.31	2023.12.31 (after recompilatio)
Total liabilities	\$ 3,308,276	3,072,952
Less: Cash and cash equivalents	(622,771)	(610,330)
Net liabilities	\$ 2,685,505	2,462,622
Total equity	2,890,257	2,764,513
Adjusted capital	\$ 5,575,762	5,227,135

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Liability to asset ratio 48.16% 47.11%

VII. Related-party Transactions

- (I) The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.

During the period covered by this parent company only financial report, the subsidiaries of the Company and other related parties who have transactions with the Company are as follows:

<u>Name and relationship of related parties</u>	<u>Relationship with the the Company</u>
TEX-RAY INDUSTRIAL CO., LTD. (BELIZE)	Subsidiary of the Company
TEX-RAY (BN) INTERNATIONAL CO., LTD.	//
King's Metal Fiber Technologies Co. Ltd.	//
Taiwan Supercritical Technology Co., Ltd.	//
Great CPT International Co., Ltd.	//
KASUMI APPARELS SWAZILAND (PTY) LTD.	//
T.Q.M. TEXTILE SWAZLAND (PTY) LTD. (T.Q.M. (SWAZILAND))	//
UNION INDUSTRIAL WASHING (PTY) LTD.	//
TEX-RAY (SA) (PTY) LTD.	//
J.M. Rotary Print Industrial Co., Ltd.	//
GOLDEN JUBILEE APPAREL PROPRIETARY LIMITED	Subsidiary of the Company
FABRICFOUNDRY TEXTILE (PTY) LTD.	//
TEXRAY HOLDINGS(PTY) LTD.	//
Wiley Eco Print Industrial Co., Ltd. (Wiley Eco Print)	//
TEX	//
-RAY INDUSTRIAL CO., LTD. (CAYMAN)	
Tex-ray (Shanghai) Industrial Co., Ltd.	//
TRLA GROUP, INC.	//
Z-PLY CORPORATION (Z-PLY (NY))	//
TEXRAY SWAZILAND PTY LTD.	//
GOOD TIME(VIETNAM) ENTERPRISE CO.,LTD. (GOOD TIME)	//
MSWATI HOLDINGS LTD.	//
TEXRAY (VN) CO., LTD. (TEXRAY (VN))	//
T.R.C.A GARMENT CO., LTD.	//

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TEXRAY MEXICO S.A. DE C.V.	//
KING'S METAL FIBER TECHNOLOGIES B.V.	//
Tex-ray (Yencheng) Industrial Co., Ltd.	//
AIQ SMART CLOTHING INC. (AIQ SMART)	//
Zhejiang AIQ Smart Technology Co., Ltd.	//
Jingshi (Shanghai) Technology Trading Co., Ltd.	//
Jiangsu Nanwei Yueda Garments Co., Ltd. (Jiangsu Nanwei)	//
Jiangsu Texray Fiber Technology Ltd. (Jiangsu Texray)	//
Kunshan Dongyi Laminated Fabric Technology Co., Ltd.	//
AIQ SMART CLOTHING INC. (AIQ-S)	//
Yencheng Weida Textile Testing Service Co., Ltd.	//
HERBRAY BIOTECH LTD.	//
SEN JEWEL TECHNOLOGY CO., LTD.	The company's chairman is also the Chairman of the Company.

(II) Material transactions with related parties

1. Operating revenue

The amount of significant sales from the Company to the related parties is as follows:

	2024	2023
Subsidiary - Z-PLY(NY)	\$ 701,415	491,542
Subsidiary	166,688	139,804
Other Related Parties	-	6
	\$ 868,103	631,352

The Company sells products to related parties on a payment collection term of one to three months. When dealing with general suppliers, the price cannot be compared due to the difference in the specifications and styles of the order.

2. Operating cost

(1) The monetary amount of the Company's purchase from related parties is as follows:

	2024	2023
Subsidiary	\$ 123,533	86,955

The payment terms for the Company's purchase from the related parties is one to three months, which is equivalent to that of a general supplier, and the purchase price cannot be compared since the transactions with the related parties are all special model

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orders.

(2) The amount of processing commissioned by the Company to the related parties is as follows:

	2024	2023
Subsidiary - TEXRAY (VN)	\$ 467,321	278,021
Subsidiary	30,155	19,051
	\$ 497,476	297,072

For the Company's outsourcing transactions with related parties, prices and payment terms are negotiated separately according to the contents of the order. When necessary, prepayment may be made depending on the operating needs of the related party.

3. Receivables from related parties

The Company's receivable accounts of the related parties are stated as follows:

Accounting subject	Category of related party	2024.12.31	2023.12.31
Notes receivable - related party	Subsidiary	\$ 143	-
Accounts receivable - related party	Subsidiary - Z-PLY(NY)	\$ 108,299	42,682
"	Subsidiary - T.Q.M (SWAZILAND)	31,781	22,321
"	Subsidiary	2,443	368
		\$ 142,523	65,371
Other receivables - related parties	Subsidiary	\$ 10,857	2,305

4. Payables to related parties

The Company's payable accounts of the related parties are stated as follows:

Accounting subject	Category of related party	2024.12.31	2023.12.31
Accounts payable - related parties	Subsidiary	\$ 26,518	17,893
Other payables - related party	Subsidiary	\$ 2,101	504
Agent collections - related party	Subsidiary	\$ 7	-

5. Prepayments

The Company's prepayments to related parties are as follows:

	2024.12.31	2023.12.31
Subsidiary - TEXRAY (VN)	\$ 107,487	120,301

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Subsidiary - Wiley Eco Print Industrial Co.,Ltd.	42,400	-
Subsidiary	<u>352</u>	<u>183</u>
	<u>\$ 150,239</u>	<u>120,484</u>

6. Loans to related parties (recognized as other receivables - related parties)

The actual drawdown situation of the Company's loans to related parties is as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Subsidiary - Tex-ray Fiber	\$ 32,785	61,410
Subsidiary - AIQ-S	55,407	26,283
Subsidiary - GOOD TIME	<u>39,342</u>	<u>36,846</u>
	<u>\$ 127,534</u>	<u>124,539</u>

All the Company's loans to its subsidiaries are unsecured, with loan interest rates ranging from 1% to 4%. The interest income for 2024 and 2023 was NT\$4,136 thousand and NT \$2,393 thousand, respectively.

7. Endorsements/guarantees

(1) As of December 31, 2024 and 2023, the balance of endorsements/guarantees provided by the Company to its subsidiaries for bank loans and material purchase loans is as follows (expressed in thousands of the respective currency):

	<u>2024.12.31</u>	<u>2023.12.31</u>
USD	<u>29,000</u>	<u>USD 30,000</u>
NTD	<u>371,000</u>	<u>NTD 241,000</u>
CNY	<u>63,000</u>	<u>CNY 24,000</u>

(2) On December 31, 2024 and 2023, the assets provided by the Company to its subsidiaries - Tex-ray Fiber, Tex-ray Apparel, AIQ SMART, and Wiley Eco Print as collateral for loans were NT\$490,853 thousand and NT\$343,055 thousand, respectively.

8. Leases

The Company rented out its factory and office to a subsidiary and signed a lease agreement. The monthly rental income for 2024 and 2023 (after recompilation) is NT\$8,109 thousand and NT\$8,208 thousand, respectively.

9. Asset transactions

On September 15, 2023, the Company sold 15% equity of its subsidiary, Wiley Eco Print, to other related parties. Please refer to Note 6(5) for details. The total transaction price was NT\$6,000 thousand.

10. Others

(1) The detailed breakdown of non-operating income (recorded as other income) received

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by the Company for providing various services to related parties is as follows:

<u>Item</u>	<u>Category of related party</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Administrative service income	Subsidiary - T.Q.M (SWAZLAND)	\$ -	9,013
Other income	Subsidiary	\$ 2,386	2,170

(2) In 2024 and 2023, the operating expenses paid by the Company to its subsidiaries due to operational needs were NT\$14,925 thousand and NT\$18,241 thousand, respectively.

(III) Transactions of key management

The key management's remuneration includes:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 26,814	17,732
Post-retirement benefits	635	743
	<u>\$ 27,449</u>	<u>18,475</u>

VIII. Pledged Assets

The detailed book values of assets pledged as collateral by the Company is as follows:

<u>Asset name</u>	<u>Purpose of pledge</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Other current financial assets and non-current	Financing line (including guarantees for subsidiaries)	\$ 363,744	215,010
Property, plant and equipment	Long-term and short-term borrowings (including guarantees for subsidiaries) and short-term notes payable	237,872	243,392
Investment property	Long-term borrowing	1,066,645	1,073,106
		<u>\$ 1,668,261</u>	<u>1,531,508</u>

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Significant unrecognized contractual commitments:

Unused letters of credit issued by the Company:

	<u>2024.12.31</u>	<u>2023.12.31</u>
USD	\$ 1,204	61

(II) Contingent liabilities: None.

X. Major Disaster Losses: None.

XI. Significant Events After the Balance Sheet Date: None.

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XII. Others

(I) A summary of employee benefits, depreciation, depletion, and amortization expenses is as follows:

Function type Nature	2024			2023 (after recompilation)		
	Attributable to operating cost	Attributable to operating expense	Total	Attributable to operating cost	Attributable to operating expense	Total
Employee benefit expense						
Salaries expense	\$ -	150,849	150,849	-	165,414	165,414
Labor and national health insurance expenses	-	13,391	13,391	-	16,240	16,240
Pension expense	-	6,844	6,844	-	7,437	7,437
Compensation to directors	-	5,380	5,380	-	3,833	3,833
Other employee benefit expenses	-	9,812	9,812	-	8,827	8,827
Depreciation expense	-	17,019	17,019	-	15,354	15,354
Impairment expense	-	-	-	-	-	-
Amortization expense	-	2,577	2,577	-	6,734	6,734

The number of employees and additional information on employee benefit expenses of the company for 2024 and 2023 are as follows:

	2024	2023 (after recompilatio)
Average number of employees	<u>206</u>	<u>226</u>
Number of directors not serving as employees	<u>9</u>	<u>9</u>
Average employee benefit expense	<u>\$ 918</u>	<u>912</u>
Average employee salary expense	<u>\$ 766</u>	<u>762</u>
Adjustment to average employee salary expense	<u>0.52%</u>	<u>(4.87)%</u>
Supervisors' remuneration	<u>\$ -</u>	<u>-</u>

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

The Company has adopted the "Regulations Governing Appraisal on Performance of the Board of Directors and Functional Committees" as the basis for evaluation on independent directors and the other directors. A reasonable amount is paid in consideration of the Company's overall business performance, future business risk and industrial

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development trend, and also with reference to personal performance achievement level and contribution to the Company's operating efficiency.

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

The employees' salary and remuneration consist of the salary paid on a monthly basis, and bonus paid by the Company subject to the annual earnings. The amount to be paid to each employee varies depending on the duty, contribution and performance.

(II) Recompilation of the 2023 parent company only financial report

On November 30, 2024, the Company merged with its wholly-owned subsidiary, Zhengwei Industrial Co., Ltd. This transaction is considered a merger as it is an organizational restructuring under joint control, and based on this, we have recompiled a comparative parent company only financial report for the previous period.

	Before recompilation	Amount affected	After recompilation
<u>Balance Sheet</u>			
Cash and cash equivalents	\$ 560,766	49,564	610,330
Current tax assets	2,270	12	2,282
Prepayments	132,125	7	132,132
Non-current financial assets measured at fair value through other comprehensive income	21,574	6,190	27,764
Investments accounted for using the equity method	2,650,490	(55,309)	2,595,181
Total assets	5,837,001	464	5,837,465
Other payables	85,139	148	85,287
Other current liabilities	6,897	316	7,213
Total liabilities	3,072,488	464	3,072,952
<u>Comprehensive Income Statement</u>			
Administrative expenses	(136,077)	(845)	(136,922)
Other income	25,912	(60)	25,852
Interest income	23,591	720	24,311
Share of profit and loss of subsidiaries and affiliated	(117,671)	185	(117,486)

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enterprises using the equity method			
Net loss in current period	(165,763)	-	(165,763)
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss			
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, parent	(8,658)	1,690	(6,968)
Share of other comprehensive income of affiliated enterprises using the equity method - not reclassified to equity-	(59,783)	(1,690)	(61,473)
Current other comprehensive income	(143,984)	-	(143,984)
Current total comprehensive income	(309,747)	-	(309,747)

<u>Before recompilation</u>	<u>Amount affected</u>	<u>After recompilation</u>
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Cash Flow Statement

Cash flows from (used in) operating activities:

Adjustments:

Interest income	(23,591)	(720)	(24,311)
Share of profit and loss of subsidiaries and affiliated enterprises using the equity method	117,671	(185)	117,486
Changes in operating assets and liabilities:			
Prepayments	9,163	(3)	9,160
Other payables	(18,455)	(55)	(18,510)
Interest received	23,591	720	24,311

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Cash flows from (used in) investing
activities:

Dividends received	19,933	254	20,187
Increase (decrease) in current cash and cash equivalents	51,791	11	51,802
Cash and cash equivalents at beginning of period	508,975	49,553	558,528
Cash and cash equivalents at end of period	560,766	49,564	610,330

XIII. Disclosure Notes

(I) Significant transaction information

In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company was required in 2024 to disclose the following information regarding material trading matters:

1. Lending funds to others:

No.	Company lending funds	The borrower of the loan	Current accounts	Whether a related party	Maximum amount in the current period	Balance at end of period	Actual amount disbursed	Interest rate range	Type of loans (Note 1)	Amount of business transactions	Reasons for necessary short-term financing	Provision for loss amount	Collateral		Fund lending limit for individual objects	Aggregate fund lending limit
													Designation	Value		
0	The Company	Tex-ray Apparel Co., Ltd.	Other receivables- Related parties	Yes	\$ 63,160	-	-	4.00%	2	-	Operating revenue turnover	-	-	-	1,156,103	1,156,103
0	The Company	GOOD TIME	"	Yes	39,402	39,342	39,342	1.00%	1	-	Operating revenue turnover	-	-	-	1,156,103	1,156,103
0	The Company	Tex-ray Textile Technology Co., Ltd.	"	Yes	98,505	98,355	32,785	4.00%	2	-	Operating revenue turnover	-	-	-	1,156,103	1,156,103
0	The Company	AIQ-S	"	Yes	61,636	61,636	55,407	4.00%	2	-	Operating revenue turnover	-	-	-	1,156,103	1,156,103
1	Z-PLY(NY)	Tex-ray Textile Technology Co., Ltd.	"	Yes	131,340	131,140	65,570	2.50%	2	-	Operating revenue turnover	-	-	-	246,836	370,254
1	Z-PLY(NY)	TEX	"	Yes	65,090	-	-	2.50%	2	-	Operating revenue turnover	-	-	-	246,836	370,254
2	Tex-ray (Shanghai) Industrial Co., Ltd.	Tex-ray Textile Technology Co., Ltd.	"	Yes	272,662	269,493	223,993	5.50%	2	-	Operating revenue turnover	-	-	-	454,593	681,890
2	Tex-ray (Shanghai) Industrial Co., Ltd.	Tex-ray Apparel Co., Ltd.	"	Yes	90,887	89,831	-	5.50%	2	-	Operating revenue turnover	-	-	-	454,593	681,890
2	Tex-ray (Shanghai) Industrial Co., Ltd.	AIQ (Zhejiang)	"	Yes	68,165	67,373	58,390	5.50%	2	-	Operating revenue turnover	-	-	-	181,837	181,837
3	TEX	TEX	"	Yes	126,320	49,178	-	2.50%	2	-	Operating revenue turnover	-	-	-	364,055	546,082

Note 1: Loans of funds is divided into the following two types:

- (1) The need for business dealings.
- (2) The need for short-term financing.

Note 2: Since the maximum amount on financing is capped at 40% of the Company's net worth, the net worth in the most recent financial report shall be used for calculation where the maximum amount is

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NT\$ 2,890,257 thousand × 40% = NT\$ 1,156,103 thousand.

Note 3: The loan amount for individual objects shall be no more than 40% of the Company's net asset value.

Therefore, based on the net asset value in the latest financial report, the calculation limit is NT\$2,890,257 thousand × 40% = NT\$1,156,103 thousand.

Note 4: The maximum amount of financing is capped at 40% of the net worth of the borrower company as stated in the financial statements. However, the maximum amount of financing between foreign subsidiaries held 100% by the Company is limited to 150% of the net worth in the lending company's financial statements.

Note 5: The loan amount to an individual entity shall not exceed 40% of the subsidiary net worth as stated in the financial statements. However, the maximum amount of loans between foreign subsidiaries held 100% by the Company to an individual entity shall not exceed 100% of the subsidiaries' net worth of as stated in the financial statements.

2. Endorse and guarantee for others:

No.	Name of the endorser/guarantor	Entity for which the endorsement/guarantee is made		Endorsement/guarantee limit for a single enterprise	Maximum endorsement/guarantee balance for this period	Ending endorsement/guarantee balance	Actual amount disbursed	Endorsement/guarantee amount with properties as security	Ratio of accumulated endorsement/guarantee amount to the net worth in the most recent financial statements	Upper limit of endorsement/guarantee	Endorsement/guarantee provided by the parent to subsidiary	Endorsement/guarantee provided by the subsidiary to parent	Endorsement/guarantee in mainland China
		Name of the company	Relationship (Note 1)										
0	The Company	Tex-ray Textile Technology Co., Ltd.	2	\$ 1,445,129	909,456	909,456	531,609	338,780	31.47%	2,890,257	Y	N	Y
0	The Company	Tex-ray Apparel Co., Ltd.	2	1,445,129	196,208	167,302	118,604	98,355	5.79%	2,890,257	Y	N	Y
0	The Company	TEX-RAY(VN)	2	1,445,129	49,178	49,178	-	-	1.70%	2,890,257	Y	N	N
0	The Company	Tex-ray (Shanghai) Industrial Co., Ltd.	2	1,445,129	109,065	107,797	55,471	-	3.73%	2,890,257	Y	N	Y
0	The Company	TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD.	2	1,445,129	20,000	20,000	-	-	0.69%	2,890,257	Y	N	N
0	The Company	AIQ SMART CLOTHING INC.	2	1,445,129	121,000	121,000	74,521	30,386	4.19%	2,890,257	Y	N	N
0	The Company	Wiley Eco Print Industrial Co., Ltd.	2	1,445,129	230,000	230,000	130,371	23,332	7.96%	2,890,257	Y	N	N
1	Tex-ray (Shanghai) Industrial Co., Ltd.	Kunshan Dongyi	2	454,593	45,444	44,915	17,711	-	9.88%	681,890	N	N	Y
2	Tex-ray Textile Technology Co., Ltd.	Tex-ray Apparel Co., Ltd.	4	1,445,129	181,775	179,662	179,662	174,215	6.22%	2,890,257	N	N	Y

Note 1: There are 6 types of relationship between the endorser/guarantor and the endorsee/guarantee as shown below. Please specify the type:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4) A company in which the Company directly and indirectly holds more than 90% of the voting

Notes to parent company only financial report of TEX-RAY INDUSTRIAL CO., LTD. and subsidiaries

shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for the Company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company in which all capital contributing shareholders make endorsements/ guarantees the jointly invested company in proportion to their shareholding percentages.

Note 2: The upper limit of endorsement/guarantee is not more than 100% of the net value in the latest financial report of the Company. Therefore, based on the net value in the latest financial report, the calculation limit is NT\$2,890,257 thousand x 100%=NT\$2,890,257 thousand.

Note 3: The limit for endorsement/guarantee of a single enterprise shall not exceed 50% of the net value in the latest financial report of the Company. Therefore, based on the net value in the latest financial report, the calculation limit is NT\$2,890,257 thousand x 50%=NT\$1,445,129 thousand.

Note 4: The endorsement/guarantee amount provided to a single enterprise with which the Company does business may not exceed the total amount of the business transaction in the 12-month period prior to the endorsement/guarantee by both parties.

Note 5: The maximum amount of endorsement/guarantee provided by overseas subsidiaries is capped at 150% of each subsidiary's net worth in the most recent financial statements. The maximum amount of endorsement/guarantee provided to a single entity is capped at 100% of each subsidiary's net worth in the most recent financial statements.

3. Status of securities held at the end of the period (excluding investment in subsidiaries, affiliated enterprises, or joint venture equity):

Holding company	Type and name of securities	Relationship with the issuer of securities	Accounting subject	End of period				Remark
				No. of shares (in thousands)	Book value	Shareholding	Fair value (note)	
The Company	SHINERA TECHNOLOGY CO., LTD.	-	Non-current financial assets measured at fair value through other comprehensive income	34	\$ -	0.78 %	-	-
"	Cayman iMaker Technology Inc.	-	"	800	-	8.80 %	-	-
"	PHYSICLO, Inc.	-	"	51	-	5.00 %	-	-
"	Carbon Cap Applications Technology Co., Ltd.	-	"	2,160	21,544	14.44 %	21,544	-
"	Uniigym Global	-	"	313	-	2.80 %	-	-
"	EAI TECHNOLOGIES INC.	-	"	1,282	13,310	12.82 %	13,310	-
"	SEN JEWEL TECHNOLOGY CO., LTD.	-	"	950	6,190	19.00 %	6,190	-

Holding company	Type and name of securities	Relationship with the issuer of securities	Accounting subject	End of period				Remark
				No. of shares (in thousands)	Book value	Shareholding	Fair value (note)	
AIQ SMART CLOTHING INC.	Shares of JOHUP TECHNOLOGY INC.	-	Non-current financial assets measured at fair value through other comprehensive income	333	-	4.60 %	-	-
"	Uniigym Global	-	"	31	-	0.28 %	-	-
TEX-RAY (CAYMAN)	AMRAY (MEXICO)	-	"	-	-	19.00 %	-	-
Z-PLY (NY)	SHEEX, INC.	-	"	59	-	15.33 %	-	-

Note: Non-listed stocks are listed based on their net equity value multiplied by their shareholding ratio or equity evaluation report for reference, as there is no market price to follow.

4. Accumulated purchase or sale amount of the same security reaches NT\$300 million or 20% of the paid-in capital: None.

**Notes to parent company only financial report of TEX-RAY INDUSTRIAL CO., LTD.
and subsidiaries**

5. The amount of real estate acquired reaches NT\$300 million or 20% of the paid-in capital:
None.
6. The amount of real estate disposed of reaches NT\$300 million or 20% of the paid-in capital: None.
7. The amount of goods traded with related parties reaches NT\$100 million or 20% of the paid-in capital:

Purchasing/selling company	Counterparty	Relationship	Transaction status				The situation and reasons for the differences in trading conditions from general trading		Accounts/notes receivable (payable)		Remark
			Purchase/sale	Amount	Proportion of total purchase/sale	Credit period	Unit price	Credit period	Balance	Ratio of total accounts/notes receivable/payable	
Tex-Ray Industrial	Z-PLY(NY)	Subsidiary	Sales	\$ (701,415)	(28.02)%	45 days	-	-	108,299	20.33%	
Tex-Ray Industrial	T.Q.M(SWAZILAND)	Grandson company	Sales	(142,461)	(5.69)%	30 days	-	-	31,781	5.97%	
Tex-ray Apparel Co., Ltd.	Z-PLY(NY)	Affiliate	Sales	(122,689)	(22.48)%	90 days	-	-	39,671	30.98%	
Tex-ray (Shanghai) Industrial Co., Ltd.	Tex-Ray Industrial	Ultimate parent	Sales	(100,839)	(24.15)%	60 days	-	-	16,232	17.77%	
T.Q.M(SWAZILAND)	TEX-RAY(SA)	Parent	Sales	(830,901)	(83.63)%	75 days	-	-	840,916	90.04%	
T.Q.M(SWAZILAND)	TEXRAY HOLDINGS	Affiliate	Sales	(121,000)	(12.18)%	75 days	-	-	70,455	7.54%	
KASUMI(SWAILAND)	T.Q.M(SWAZILAND)	Affiliate	Sales	(153,232)	(97.02)%	75 days	-	-	338,316	97.80%	
King's Metal	King's (Holland)	Subsidiary	Sales	(138,948)	(32.65)%	90 days	-	-	24,773	36.91%	
TEX-RAY(VN)	Tex-Ray Industrial	Ultimate parent	Sales	(467,321)	(99.69)%	60 days	-	-	-	-%	
Z-PLY(NY)	Tex-Ray Industrial	Parent	Purchase	701,415	76.26%	45 days	-	-	(108,299)	70.74%	
T.Q.M(SWAZILAND)	Tex-Ray Industrial	Ultimate parent	Purchase	142,461	23.37%	30 days	-	-	(31,781)	7.44%	
Z-PLY(NY)	Tex-ray Apparel Co., Ltd.	Affiliate	Purchase	122,689	13.34%	90 days	-	-	(39,671)	25.91%	
Tex-Ray Industrial	Tex-ray (Shanghai) Industrial Co., Ltd.	Grandson company	Purchase	100,839	4.58%	60 days	-	-	(16,232)	58.74%	
TEX-RAY(SA)	T.Q.M(SWAZILAND)	Subsidiary	Purchase	830,901	99.92%	75 days	-	-	(840,916)	98.04%	
TEXRAY HOLDINGS	T.Q.M(SWAZILAND)	Affiliate	Purchase	121,000	62.92%	75 days	-	-	(70,455)	94.29%	
T.Q.M(SWAZILAND)	KASUMI(SWAILAND)	Affiliate	Purchase	153,232	25.14%	75 days	-	-	(338,316)	79.18%	
King's (Holland)	King's Metal	Parent	Purchase	138,948	100.00%	90 days	-	-	(24,773)	96.37%	
Tex-Ray Industrial	TEX-RAY(VN)	Grandson company	Purchase	467,321	21.24%	60 days	-	-	-	-%	

8. Accounts receivable from related parties reaching NT\$100 million or 20% of the paid-in capital:

Recognized as company with accounts receivable	Counterparty	Relationship	Balance of accounts receivable from related parties	Turnover rate	Overdue receivables from related parties		Amount of accounts receivable from related parties recovered after the due date	Provision for loss amount
					Amount	Disposal method		
Tex-Ray Industrial	Z-PLY(NY)	Subsidiary	108,299	9.29%	-		76,817	-
T.Q.M(SWAZILAND)	TEX-RAY(SA)	Parent	840,916	0.90%	-		235	-
KASUMI(SWAILAND)	T.Q.M(SWAZILAND)	Affiliate	338,316	0.47%	-		26,986	-
Tex-ray (Shanghai) Industrial Co., Ltd.	Tex-ray Textile Technology Co., Ltd.	Affiliate	223,993	Note 1	-		-	-

Note 1: Amount of loans to related parties.

9. Engagement in derivative trading: None.

Notes to parent company only financial report of TEX-RAY INDUSTRIAL CO., LTD. and subsidiaries

(II) Information on investees:

The information on the Company's reinvested businesses in 2024 is as follows:

Investor name	Investee name	Location	Principle business lines	Original investment amount		Holding at period end			Current profit and loss of the investee company	Investment gains and losses recognized in the period	Remark
				Period end	End of last year	Quantity of shares	Ratio	Book value			
The Company	GREAT CPT INTERNATIONAL CO., LTD.	Taiwan	Overseas investment and holding	\$ 124,370	124,370	5,000,000	100.00%	52,304	(6,086)	(6,191)	Subsidiary
The Company	King's Metal	Taiwan	Secondary processing of non-woven fabrics and steel and retail of cloths and fabrics	83,002	83,002	15,639,205	59.22%	285,484	89,840	53,199	Subsidiary
The Company	TAIWAN SUPERCritical TECHNOLOGY CO., LTD.	Taiwan	Printing and dyeing finishing, mechanical equipment manufacturing and wholesale, etc	68,067	68,067	5,371,250	75.63%	58,600	29,583	21,468	Subsidiary
The Company	Herbray Biotech Ltd.	Taiwan	Biotech services	9,540	9,540	1,200,000	60.00%	(2,993)	(810)	(486)	Subsidiary
The Company	Wiley Eco Print Industrial Co.,Ltd.	Taiwan	Wholesale of cloths and fabrics	21,440	21,440	2,144,000	53.60%	(61,746)	(43,784)	(23,468)	Subsidiary
The Company	TEX-RAY (BELIZE)	Belize	Overseas investment and holding	1,063,287	1,063,287	32,348,213	100.00%	455,267	18,606	18,606	Subsidiary
The Company	TEX-RAY (BN)	Samoa	Overseas investment and holding	1,716,818	1,716,818	58,966,268	100.00%	(507,379)	(39,326)	(39,326)	Subsidiary
The Company	TEX-RAY (SA)	South Africa	Marketing and trading	102,704	102,704	39,651,771	100.00%	1,537,788	109,065	109,065	Subsidiary
The Company	TEX-RAY (CAYMAN)	Cayman Islands	Overseas investment and holding	1,305,211	1,430,570	42,662,722	100.00%	364,055	(5,014)	(5,014)	Subsidiary
The Company	AIQ SMART CLOTHING INC.	Taiwan	Wholesale of cloths and fabrics	163,512	163,512	11,503,200	70.44%	(117,551)	(82,976)	(58,450)	Subsidiary
The Company	Z	USA	Marketing and trading	314,490	314,490	200	100.00%	418,984	6,419	6,419	Subsidiary
The Company	-PLY TRLA GROUP	USA	Marketing and trading	42,109	42,109	2,936,000	100.00%	41,730	(598)	(598)	Subsidiary
The Company	FABRICFOUNDRY	Mauritius	Marketing and trading	9,723	9,723	30,000	100.00%	23,025	13,352	13,352	Subsidiary
TEX	GOOD TIME	Vietnam	Garment processing	227,750	227,750	-	100.00%	(19,496)	(5,492)	Disclosure is not required	Grandson company
-RAY (BN) TEX	MSWATI	Mauritius	Overseas investment and holding	1,160,125	1,160,125	-	100.00%	(603,100)	(33,742)	Disclosure is not required	Grandson company
-RAY (BN) TEX	TEXRAY (VN)	Vietnam	Garment processing	423,990	423,990	-	100.00%	105,555	(17)	Disclosure is not required	Grandson company
-RAY (BN) TEX	TRCA GARMENT	Cambodia	Garment processing	87,361	87,361	-	100.00%	558	-	Disclosure is not required	Grandson company
-RAY (BN) GREAT CPT INTERNATIONAL CO., LTD.	TEXRAY (SWAZILAND)	Eswatini	Garment processing	158,524	158,524	12,417,938	100.00%	508	(2,944)	Disclosure is not required	Grandson company
King's Metal	King's (Holland)	the Netherlands	Marketing and trading	7,950	7,950	200,000	100.00%	14,981	2,411	Disclosure is not required	Grandson company
AIQ SMART CLOTHING INC.	AIQ-S	UK	Development of Smart Clothing Technology	30,735	15,419	100,000	50.00%	(16,385)	(55,786)	Disclosure is not required	Grandson company
TEX	TEXRAY (MEXICO)	Mexico	Dyeing & finishing	1,168,882	1,168,882	-	100.00%	324,140	(6,273)	Disclosure is not required	Grandson company
TEXRAY (SA)	KASUMI (SWAZILAND)	Eswatini	Trading and manufacturing of dyeing, finishing, weaving, and finished garments	43,461	43,461	1,657,400	100.00%	381,132	15,094	Disclosure is not required	Grandson company
TEXRAY (SA)	T.Q.M.(SWAZILAND)	Eswatini	Dyeing & finishing	569,316	569,316	132,525,183	100.00%	1,126,317	52,742	Disclosure is not required	Grandson company
TEXRAY (SA)	U.I.W.(SWAZILAND)	Eswatini	Garment processing	47,508	47,508	12,031,000	100.00%	19,686	33	Disclosure is not required	Grandson company
TEXRAY (SA)	J.M. (SWAZILAND)	Eswatini	Trading and manufacturing of dyeing, finishing, weaving, and finished garments	12,908	12,908	5,618,729	100.00%	8,666	3,040	Disclosure is not required	Grandson company
TEXRAY (SA)	GOLDEN (SWAZILAND)	Eswatini	Garment processing	10,800	10,800	5,000,000	100.00%	53,684	5,351	Disclosure is not required	Grandson company
TEXRAY (SA)	TEXRAY HOLDINGS	South Africa	Marketing and trading	857	857	500,000	100.00%	1,026	(96)	Disclosure is not required	Grandson company

Note 1: Please refer to Note 4(3) of the consolidated financial report for 2024 for details on the changes in subsidiaries in this period.

Notes to parent company only financial report of TEX-RAY INDUSTRIAL CO., LTD. and subsidiaries

(III) Mainland investment information:

1. Information on the name and main business scope of the investee company in mainland China:

Name of investee company in mainland China	Principle business lines	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Outward remitted or repatriated investment amount in the period		Accumulated investment amount remitted from Taiwan at the end of the period	Current profit and loss of the investee company	Shareholding ratio of the Company's direct or indirect investments	Recognized investment gains and losses in the period (Note 2)	Closing investment book value	Investment income repatriated at the end of the period
					Outward remitted	Repatriated						
Tex-ray (Shanghai) Industrial Co., Ltd.	Textile warehousing, trading, distribution, display, and technology development businesses	\$ 282,574	(II)	282,574	-	-	282,574	18,839	100.00%	18,839	454,593	-
Tex-ray (Yencheng) Industrial Co., Ltd.	Manufacturing and sale of textiles, clothing, shoes, and hats	99,162	(III)	-	-	-	-	(1,441)	100.00%	(1,441)	(5,691)	-
Kunshan Dongyi	Development of laminated fabrics	168,268	(III)	-	-	-	-	4,280	100.00%	4,280	198,839	-
Tex-ray Textile Technology Co., Ltd.	Ready to wear processing and engaging in spinning, weaving, high-end fabrics, dyeing, printing, and clothing production	1,749,139	(II)	1,235,108	-	-	1,235,108	(37,794)	100.00%	(37,794)	(314,437)	-
Tex-ray Apparel Co., Ltd.	Knitted garment processing	164,220	(II)	86,711	-	-	86,711	885	100.00%	885	(197,472)	-
Jingshi (Shanghai)	Wholesale of glass products, high-efficiency insulation materials, textiles, clothing, apparel and accessories	62,008	(II)	62,008	-	-	62,008	(14,641)	70.44%	(10,313)	(84,167)	-
AIQ (Zhejiang)	System R&D, production, and sales of AI equipment	20,947	(III)	-	-	-	-	(16,552)	70.44%	(11,659)	(99,644)	-
Henan Tex-ray Apparel Co., Ltd. (Note 3)	Garment processing	-	(II)	46,494	-	-	46,494	-	-%	-	-	-
Tex-ray Yueda Research Institute (Note 4)	Research and development of polymer composite materials and textile new materials technology	49,149	(III)	-	-	-	-	-	-%	-	-	-
Weida Inspection	Testing services and environmental impact assessment	31,065	(III)	-	-	-	-	574	100.00%	574	10,855	-
Shanghai Jinpeili (Note 5)	Weaving, dyeing, and post-processing of high-end fabrics, as well as sales of the Company's self-produced products	111,088	(II)	14,321	-	-	14,321	-	-%	-	-	-
Jianan Textile (Note 6)	Weaving, dyeing, and post-processing of high-end textile fabrics	29,613	(II)	29,613	-	-	29,613	-	-%	-	-	-

Note 1: There are three types of investment methods:

(I) Direct investment in mainland China.

(II) Reinvest in mainland China through a third-party company (please refer to Note 4(3) of the 2024 consolidated financial report for details).

(III) Direct investment in a mainland company through reinvestment, and there is no need to report to the Investment Commission according to its regulations on reinvestment activities by mainland investment enterprises.

Note 2: Investment gains and losses are recognized using the equity method based on the financial information of the mainland investee company audited by the Taiwan parent company's certified public accountant during the same period.

Note 3: The company was deregistered in November 2015 and its share capital was repatriated back to its parent company MSWATI in March 2016.

Note 4: It was liquidated in October 2019.

Note 5: It was liquidated in December 2012.

Note 6: The sale change registration was completed in June 2012, but the investment amount was repatriated back to the parent company MSWATI.

Note 7: The figures in this table are presented in New Taiwan Dollars, and the exchange rate is based on those on December 31, 2024 (USD: 32.785; CNY: 4.478)

**Notes to parent company only financial report of TEX-RAY INDUSTRIAL CO., LTD.
and subsidiaries**

2. Mainland China investment limit

The Company obtained the certification letter issued by the Ministry of Economic Affairs for its operating headquarters on June 19, 2024. The validity period is from June 11, 2024 to June 10, 2027, and there is no longer this restriction.

3. Material transaction matters:

For the material transactions between the Company and the mainland invested company in 2024, please refer to the detailed information in "Information on Material Transactions".

(IV) Major shareholder information:

Unit: Shares		
Shares	Shares held	Shareholding
Name of major shareholder		
YUEDA Textile Financial Holding Limited	42,052,440	17.99%
Kuo Hsien-Yu	23,680,000	10.13%
Suzhou Weide Co., Ltd.	23,362,466	9.99%
Yeh Feng-Ying	14,280,000	6.11%

XIV. Department Information

Please refer to the consolidated financial report for 2024.

TEX-RAY INDUSTRIAL CO., LTD.
Statement of Cash and Cash Equivalents

December 31, 2024

Unit: NTD Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash		\$ 1,455
Check deposits and demand deposits		66,673
Foreign currency deposits	USD4,843	158,549
Time deposits	USD12,100	<u>396,094</u>
		<u>\$ 622,771</u>

Statement of Accounts Receivable

<u>Customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Customer A	Sales amount	\$ 193,074	
Customer B	"	64,490	
Customer C	"	37,019	
Customer D	"	29,167	
Customer E	"	12,533	
Customer F	"	11,337	
Others	"	<u>44,853</u>	The balance of each account does not reach 3% of the amount of this accounting subject
		392,473	
Less: Loss allowance		<u>(2,509)</u>	
Net amount		<u>\$ 389,964</u>	

TEX-RAY INDUSTRIAL CO., LTD.

Inventory Statement

December 31, 2024

Unit: NTD Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		<u>Remark</u>
		<u>Cost</u>	<u>Net realizable value</u>	
Raw materials and supplies	Woven fabric	\$ 17,501	16,470	Replacement cost
	Sluggish	5,856	-	"
	Subtotal	<u>23,357</u>	<u>16,470</u>	
Current work in progress	Woven fabric	42,962	39,223	Net realizable value
	Ready-to-wear clothing	179,877	179,867	"
	Sluggish	17,770	-	"
	Subtotal	<u>240,609</u>	<u>219,090</u>	
Current finished goods	Ready-to-wear clothing	3,850	3,695	"
	Sluggish	3,855	-	"
	Subtotal	<u>7,705</u>	<u>3,695</u>	
Products	Woven fabric	162	148	"
	Ready-to-wear clothing	2,781	2,781	"
	General Administration Division	916	898	"
	Sluggish	4,443	-	"
	Subtotal	<u>8,302</u>	<u>3,827</u>	
		279,973	<u><u>243,082</u></u>	
Less: Loss allowance		<u>(36,891)</u>		
Net amount		<u><u>\$ 243,082</u></u>		

TEX-RAY INDUSTRIAL CO., LTD.
Statement of Investments Accounted for Using the Equity Method
January 1 to December 31, 2024

Unit: NTD Thousand

Designation	Balance at beginning of period		Increase in the period		Decrease in the period		Investment gains/losses	Exchange differences on translation of foreign financial statements	Others	Balance at end of period			Net equity worth	Status of providing guarantees or pledges
	Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Amount				Quantity of shares	Shareholding	Amount		
GREAT CPT INTERNATIONAL CO., LTD.	5,000,000	\$ 58,074	-	-	-	-	(6,191)	77	344	5,000,000	100.00%	52,304	16,379	None
King's Metal TAIWAN	14,217,459	253,080	1,421,746	-	-	-	53,199	54	(20,849)	15,639,205	59.22%	285,484	288,550	"
SUPERCritical TECHNOLOGY CO., LTD. TAIWAN	5,371,250	43,714	-	-	-	-	21,468	-	(6,582)	5,371,250	75.63%	58,600	87,667	"
SUPERCritical TECHNOLOGY CO., LTD. TAIWAN	-	-	-	-	-	-	-	-	-	-	- %	-	-	"
Herbray Biotech Ltd.	1,200,000	(2,507)	-	-	-	-	(486)	-	-	1,200,000	60.00%	(2,993)	(2,993)	"
AIQ SMART CLOTHING INC.	11,503,200	(55,512)	-	-	-	-	(58,450)	(1,673)	(1,916)	11,503,200	70.44%	(117,551)	(117,551)	"
Wiley Eco Print Industrial Co.,Ltd.	2,144,000	(38,278)	-	-	-	-	(23,468)	-	-	2,144,000	53.60%	(61,746)	(61,407)	"
TEX-RAY(CAYMAN)	46,542,722	552,187	-	-	3,880,000	125,359	(5,014)	(37,202)	(20,557)	42,662,722	100.00%	364,055	364,055	"
TEX-RAY (BELIZE)	32,348,213	421,164	-	-	-	-	18,606	15,497	-	32,348,213	100.00%	455,267	455,267	"
TEX-RAY (BN)	58,966,268	(447,724)	-	-	-	-	(39,326)	(20,329)	-	58,966,268	100.00%	(507,379)	(507,379)	"
TEX-RAY (SA)	39,651,771	1,376,479	-	-	-	-	109,065	57,080	(4,836)	39,651,771	100.00%	1,537,788	1,539,492	"
TRLA	2,936,000	39,661	-	-	-	-	(598)	2,667	-	2,936,000	100.00%	41,730	41,730	"
Z-PLY	200	386,193	-	-	-	-	6,419	26,372	-	200	100.00%	418,984	246,836	"
FABRICFOUNDRY	30,000	8,650	-	-	-	-	13,352	1,023	-	30,000	100.00%	23,025	23,025	"
		<u>\$ 2,595,181</u>		<u>-</u>		<u>125,359</u>	<u>88,576</u>	<u>43,566</u>	<u>(54,396)</u>			<u>2,547,568</u>	<u>2,373,671</u>	

TEX-RAY INDUSTRIAL CO., LTD.

**Statement of Changes in Property, Plant
and Equipment**

January 1 to December 31, 2024

Unit: NTD Thousand

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

**Statement of Changes in Investment
Properties**

Please refer to Note 6(7) for related information.

Statement of Short-term Loans

December 31, 2024

<u>Type of borrowing</u>	<u>Institution</u>	<u>Balance at end of period</u>	<u>Contract term</u>	<u>Interest rate range</u>	<u>Pledge or guarantee</u>	<u>Remark</u>
Credit loans	Bank A	\$ 60,000	2024/11/07~2025/01/24	2.25%	None	
"	Bank B	80,000	2024/04/01~2025/03/31	2.11%	"	
"	Bank C	100,000	2024/10/07~2025/01/15	2.10%	"	
"	Bank D	30,000	2024/12/23~2025/03/22	2.08%	"	
"	Bank E	100,000	2024/10/18~2025/01/17	1.98%	"	
"	Bank F	35,000	2024/11/28~2025/03/28	2.20%	"	
"	Bank G	30,000	2024/10/04~2025/04/03	2.22%	"	
"	Bank H	<u>40,000</u>	2024/12/30~2025/03/28	2.15%	"	
		<u>\$ 475,000</u>				

TEX-RAY INDUSTRIAL CO., LTD.
Statement of Short-term Notes Payable
December 31, 2024

Unit: NTD Thousand

Item	Guarantee or acceptance institution	Contract term	Interest rate range	Issue amount	Discounts on unamortized commercial promissory notes payable	Book value	Remark
Commercial promissory notes	Bills company A	2024/12/06~2025/01/03	1.76%	\$ 50,000	67	49,933	
"	Bills company B	2024/12/13~2025/01/10	1.64%	80,000	101	79,899	
"	Bills company C	2024/12/26~2025/01/22	1.55%	80,000	92	79,908	
"	Bills company D	2024/12/13~2025/01/10	1.97%	80,000	121	79,879	
"	5 joint lending banks including Bank I	2024/12/26~2025/01/22	1.68%	500,000	621	499,379	Land and buildings as collateral
				<u>\$ 790,000</u>	<u>1,002</u>	<u>788,998</u>	

Long-term Borrowings

Creditor	Summary	Borrowing amount	Contract term	Interest rate	Pledge or guarantee	Remark
5 joint lending banks including Bank I	Secured loan	\$ 500,000	2022/05/05~2027/05/05	2.4993%	Land and buildings	
Bank J	"	966,306	2022/05/05~2029/05/05	2.36%~2.41%	"	
Less: current portion		(50,561)				
Less: Loan handling fee		<u>(1,593)</u>				
		<u>\$ 1,414,152</u>				

TEX-RAY INDUSTRIAL CO., LTD.

Statement of Accounts Payable

December 31, 2024

Unit: NTD Thousand

<u>Customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Supplier A	Sales amount	\$ 34,598	
Supplier B	"	33,792	
Supplier C	"	20,643	
Supplier D	"	15,900	
Supplier E	"	15,730	
Supplier F	"	15,699	
Supplier G	"	15,424	
Supplier H	"	10,271	
Supplier I	"	9,691	
Others	"	<u>75,368</u>	The balance of each account does not reach 3% of the amount of this accounting subject
		<u><u>\$ 247,116</u></u>	

Statement of Operating Revenue

January 1 to December 31, 2024

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remark</u>
Revenue from sale of ready-to-wear clothing	2,389,803 pieces	\$ 685,601	
Revenue from sale of cloth	942,427 Y, 147,859 KG, 770,280pieces	108,920	
Revenue from sale of goods	1,363,408 pieces, 81,938 KG	63,980	
Sale of raw yarn and colored yarn	566,409 KG	54,752	
Revenue from ready-to-wear clothing	9,525,718 pieces	1,347,999	
Revenue from woven fabric	15,236 Y, 620,475 KG, 478,051 pieces	216,334	
Others		<u>25,694</u>	
		<u><u>\$ 2,503,280</u></u>	

TEX-RAY INDUSTRIAL CO., LTD.

Operating Cost Statement

January 1 to December 31, 2024

Unit: NTD Thousand

Item	Amount	Remark
<u>Trading business</u>		
Inventory at beginning of period (note)	\$ 13,285	
Add: Net purchase for the period	794,249	
Less: Inventory at end of period	<u>(8,302)</u>	
Cost of purchase and sales	<u>799,232</u>	
<u>Manufacturing business</u>		
Material inventor at beginning of period (note)	22,638	
Add: Material purchased in the period (net)	745,781	
Less: Transfer to various expenses	(6)	
Material inventory at end of period	<u>(23,357)</u>	
Direct material consumption	745,056	
Manufacturing expenses	<u>661,543</u>	
Manufacturing cost	1,406,599	
Add: Work in progress at beginning of period (note)	240,013	
Less: Work in progress at end of period	<u>(240,609)</u>	
Cost of finished goods	1,406,003	
Add: Finished goods at beginning of period (note)	31,807	
Less: Finished goods at end of period	<u>(7,705)</u>	
Production and sales costs	1,430,105	
Gain from inventory price recovery	<u>(14,063)</u>	
Operating cost	<u><u>\$ 2,215,274</u></u>	

Note: The balance at beginning of period includes the effect of the merger of Zheng-ray Industrial Co., Ltd.; please refer to Notes 6(5) and 12(2).

TEX-RAY INDUSTRIAL CO., LTD.

Operating Expense Statement

January 1 to December 31, 2024

Unit: NTD Thousand

Item	Selling expenses	Administrative expenses	Commissions expense	Total
Salary	\$ 69,219	67,389	19,621	156,229
Commission expense	12,380	-	-	12,380
Traveling expense	7,609	1,595	98	9,302
Utilities expense	-	3,181	-	3,181
Sample expense	9,314	82	-	9,396
Insurance expense	7,342	4,809	2,312	14,463
Shipping expense	29,069	208	17	29,294
Depreciation	3,129	13,890	-	17,019
Amortizations	894	1,683	-	2,577
Professional service fees	1,324	6,383	-	7,707
Pension	3,375	2,331	1,138	6,844
Import/export expense	16,396	-	-	16,396
Other expenses	16,646	41,016	2,314	59,976
Total	\$ 176,697	142,567	25,500	344,764

Statement of Net Other Income and Expenses

Please refer to Note 6(19) for related information.