Stock Number: 1464

De Licacy Industrial Co., Ltd.

Individual Financial Statement for the year ended December 31, 2021 and 2020 and independent Auditor's Report

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Independent Auditors' Report

Dear the Board of Directors and Shareholders of De Licacy Industrial Co., Ltd.

Opinion

We have audited the accompanying financial statements of De Licacy Industrial Co., Ltd. (the "De Licacy Group"), which comprise the individual balance sheets as of December 31, 2021 and 2020, and the individual statements of comprehensive income, individual statements of changes in equity and individual statements of cash flows for the years then ended, and the notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, which is based on our and other accountants' auditing results (please refer other matters section) and accompanying financial statements present fairly, in all material respects, the financial position of the De Licacy Group as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations of IFRS ("IFRIC"), and Interpretations of IAS ("SIC") endorsed by the Financial Supervisory Commission ("FSC") of Taiwan, the Republic of China ("ROC").

Basis of Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matter of the 2021 individual financial statements of the De Licacy Group are as follows:

Authenticity of revenue recognition

The De Licacy Group's operating income were from the major customers. Due to the significant changes in revenue of some major customers this year, it is considering that the revenue recognition inherently carries a higher risk of fraud and the management may be under pressure to achieve expected financial goals. The authenticity of revenue recognition from some of major customers is listed as a key audit item. Please refer to the Individual Financial Report Note 4(14) for the explanation of revenue recognition policy.

The accountants had performed major auditing procedures to the sales revenue from some of the major customers, which are as follows:

1. Understand and test the effectiveness of the design and implementation of the internal sales cycle control system.
2. Select samples from the sales details of some of the above-mentioned major customers, verify their purchase orders, pro forma invoices, export declarations and other relevant documents to confirm whether the control rights of the goods had been truly transferred and the obligations had been performed, and check whether there are significant abnormalities between the sales objects and the payers to confirm the authenticity of the sales revenue.

Other Matters

The financial statements included in the individual financial statements of Deloitte Touche Tohmatsu, Inc. and its investee company, ERA NOUVEAU International Co., Ltd. ("ERA NOUVEAU"). Accordingly, our opinion on the individual financial statements referred to above, which relates to the amount of the aforementioned investment and its comprehensive income and loss, was based on the audited reports of other auditors. The above investments accounted for by the equity method amounted to $9,395,000 and $46,459,000 as of December 31, 2021 and 2020 respectively, both representing less than 1% of the total individual assets. The individual loss recognized under the equity method amounted to $3,572,000 and $50,314,000 for the years ended December 31, 2021 and 2020, respectively, which accounted for (6%) and 21% of the

individual total profit or loss.

Management's and Governance's Responsibility for the Individual Financial Statments

Management's responsibility is to prepare individual financial statements in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretations issued by the Financial Supervisory Commission, and to maintain such internal control relevant to the preparation of individual financial statements as is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, management's responsibility also includes assessing the ability of the Group to continue as a going concern, the disclosure of related matters, and the adoption of the going concern basis of accounting, unless management intends to liquidate the Group or cease operations, or there is no practical alternative to liquidation or discontinuation of operations.

The governance unit (Audit Committee) of the Group has the responsibility for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate auditing evidence of the financial information of the constituted entities of the Company to express our opinions on the individual financial statements. We are responsible for the guidance, supervision and execution of the Company's audits and we are responsible for providing auditing opinions with the Company.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 2021 financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu, Inc.

The engagement partners on the audit resulting in this independent auditors' report are

CPA: Chao-Chin Yang

CPA: Teng-Wei Wang

Financial Supervisory Commission
Authorized No.
Jin-Kuan-Chen-Sheni-Tzu No. 1060023872

Financial Supervisory Commission
Authorized No.
Jin-Kuan-Chen-Sheni-Tzu No. 1100356048

Date: 24 March 2022

De Licacy Industrial Co., Ltd.

Individual Balance Sheets

For the Years Ended December 31 of 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021 Amount	December 31, 2021 %	December 31, 2020 Amount	December 31, 2020 %
	Current assets				
1100	Cash（Note 4 and 6）	$ 218,567	2	$ 341,357	3
1110	Financial assets at fair value through profit and loss-current（Note 4 and 7）	8,914	-	9,387	-
1121	Financial assets measured at fair value through other comprehensive gains and losses-current（Note 4 and 8）	2,556	-	-	-
1136	Financial assets at amortized cost-current（Note 4, 9 and 34）	3,089,638	22	2,689,686	20
1150	Notes receivable（Note 4, 10 and 25）	92,973	1	26,432	-
1160	Notes receivable-related parties（Note 4, 25 and 33）	52,974	-	25,152	-
1170	Net accounts receivable（Note 4, 10 and 25）	473,054	3	347,100	3
1180	Accounts receivable-related parties（Note 4, 25 and 33）	88,593	1	116,894	1
1200	Other receivables（Note 4）	15,473	-	16,850	-
1210	Other receivables-related parties（Note 4 and 33）	183,092	1	556,912	4
130X	Inventory（Note 4 and 11）	1,568,947	11	1,371,756	10
1410	Prepayments（Note 16）	37,408	-	24,549	-
1470	Other current assets（Note 17 and 27）	50,566	-	38,916	-
11XX	Total current assets	5,882,755	41	5,564,991	41
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive gains and losses-non-current（Note 4 and 8）	28,689	-	56,222	-
1550	Investments using the equity method（Note 4 and 12）	7,159,166	51	6,847,702	50
1600	Property, plant and equipment（Note 4, 13, 33 and 34）	830,479	6	904,882	7
1755	Right-of-use assets（Note 4 and 14）	8,453	-	23,195	-
1840	Deferred income tax assets（Note 4 and 27）	277,345	2	247,413	2
1920	Refundable deposits（Note 4）	10,288	-	10,488	-
1915	Prepayment for equipment	13,660	-	20,325	-
1975	Net confirmed welfare assets（Note 4 and 23）	11,523	-	14,522	-
15XX	Total non-current assets	8,339,603	59	8,124,749	59
1XXX	Total assets	$ 14,222,358	100	$ 13,689,740	100

Code	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans（Note 18 and 34）	$ 4,039,653	29	$ 4,611,976	34
2110	Short-term notes payable（Note 18）	709,511	5	709,501	5
2120	Financial liabilities measured at fair value through profit and loss-current（Note 4 and 7）	120	-	18,919	-
2150	Notes payable（Note 19）	137,847	1	61,205	1
2160	Notes payable-related parties（Note 33）	57,287	-	32,206	-
2170	Accounts payable（Note 19）	110,911	1	94,909	1
2180	Accounts payable-related parties（Note 33）	144,134	1	83,871	1
2200	Other payables（Note 20）	170,752	1	152,393	1
2220	Other payables-related parties（Note 33）	38,167	-	16,521	-
2230	Current tax liabilities（Note 4 and 27）	2,557	-	2,557	-
2280	Lease liabilities-current（Note 4 and 14）	6,892	-	14,035	-
2313	Deferred income-current（Note 4 and 21）	297	-	7,472	-
2322	Long-term loans due within one year（Note 18 and 34）	197,001	1	273,158	2
2365	Refund liabilities-current（Note 4 and 22）	2,844	-	-	-
2399	Other current liabilities	60,568	1	51,229	-
21XX	Total current liabilities	5,678,541	40	6,129,952	45
	Non-current liabilities				
2541	Long-term bank loans（Note 18 and 34）	3,845,898	27	2,805,521	21
2570	Deferred tax liabilities（Note 4 and 27）	33,927	-	36,823	-
2580	Lease liabilities-non-current（Note 4 and 14）	1,652	-	9,378	-
2630	Deferred income-non-current（Note 4 and 21）	6,125	-	1,422	-
2645	Deposit received	1,778	-	2,327	-
25XX	Total non-current liabilities	3,889,380	27	2,855,471	21
2XXX	Total liabilities	9,567,921	67	8,985,423	66
	Equity（Note 24）				
3110	Common stocks	3,845,657	27	3,845,657	28
3200	Capital reserve	676,850	5	791,558	6
	Retained surplus				
3310	Legal reserve	121,649	1	283,732	2
3320	Special reserve	401,956	3	401,956	3
3350	Unappropriated earnings	172,602	1	(162,083)	(1)
3300	Total retained earnings	696,207	5	523,605	4
3400	Other equities	(564,277)	(4)	(456,503)	(4)
3XXX	Total equity	4,654,437	33	4,704,317	34
	Total liabilities and equities	$ 14,222,358	100	$ 13,689,740	100

The accompanying notes are an integral part of the individual financial statements.

（Please refer to the auditors' report of Deloitte and Touche on March 24, 2022）

Chairman: Chia-Min Yeh　　Manager: Wei-Li Yeh　　Accounting Manager: Yi-Nung Yu

De Licacy Industrial Co., Ltd.

Individual Statements of Comprehensive Income

For the Years Ended December 31 of 2021 and 2020

(In Thousands of New Taiwan Dollars)

(Except Earnings (net loss) Per Share)

Code		2021 Amount	2021 %	2020 Amount	2020 %
	Operating income（Note 4, 25 and 33）				
4100	Net sales revenue	$ 3,843,741	99	$ 3,002,049	100
4800	Other operating income	25,871	1	3,591	-
4000	Total operating income	3,869,612	100	3,005,640	100
	Operating costs（Note 11, 23, 26 and 33）				
5110	Cost of goods sold	3,498,333	90	2,807,286	93
5900	Gross operating income	371,279	10	198,354	7
5910	Unrealized subsidiaries and associated companies losses companies losses（Note 4）	6,364	-	6,405	-
5920	Realized subsidiaries and associated companies losses（Note 4）	(6,405)	-	(3,815)	-
5950	Gross realized operating income	371,238	10	200,944	7
	Operating expenses（Note 10, 23, 26 and 33）				
6100	Marketing expenses	206,446	5	181,924	6
6200	General and administrative expenses	118,375	3	99,275	4
6300	Research and development expenses	122,937	3	123,078	4
6450	Expected credit loss	19,559	1	33,378	1
6000	Total operating expenses	467,317	12	437,655	15
6500	Net other income and expenses（Note 26 and 33）	44,368	1	6	-
6900	Operating income (net loss)	(51,711)	(1)	(236,705)	(8)
	Non-operating income and expenses（Note 4, 7, 26 and 33）				
7100	Interest income	17,872	-	40,280	1
7010	Other income	82,442	2	121,553	4
7020	Other benefits and losses	(123,009)	(3)	(215,109)	(7)
7050	Financial costs	(96,903)	(3)	(102,090)	(3)
7070	Share of losses of affiliated companies using the equity method	338,114	9	93,887	3
7000	Total non-operating income and expense	218,516	5	(61,479)	(2)
7900	Net profit before tax（net loss）	166,805	4	(298,184)	(10)

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Code		2021 Amount	2021 %	2020 Amount	2020 %
7950	Income tax benefit（Note 4 and 27）	($ 16,183)	(1)	($ 90,898)	(3)
8200	Net profit（net loss）for the year	182,988	5	(207,286)	(7)
	Other comprehensive loss（net）				
8310	Items not reclassified to profit or loss:				
8311	Determine the remeasurement of the benefit（Note 23）	(11,961)	-	28,389	1
8316	Unrealized appraisal gains and losses of equity instrument investments measured at fair value through other comprehensive gains and losses（Note 24）	(27,834)	(1)	8,894	-
8331	The equity method is used to recognize the re-measurement of defined welfare plans of subsidiaries and affiliated companies	(877)	-	621	-
8336	The equity method is used to recognize the unrealized gains and losses of subsidiaries and related companies through other comprehensive gains and losses to measure equity instruments at fair value（Note 24）	(20,530)	-	8,109	-
8349	Income tax related to items not reclassified（Note 27）	2,392	-	(5,678)	-
		(58,810)	(1)	40,335	1
	Items that may be reclassified to profit and loss in the future:				
8361	Conversion difference in the conversion of financial statements of foreign operating institutions（Note 24）	(72,233)	(2)	(88,840)	(3)
8380	Share of other comprehensive profits and losses of subsidiaries and affiliates recognized using the equity method（Note 24）	(1,564)	-	(3,362)	-
8399	Income tax related to items that may be reclassified（Note 24 and 27）	14,447	-	17,768	1
8360		(59,350)	(2)	(74,434)	(2)

8300	Total net comprehensive profit and loss for the year（after tax）	(118,160)	(3)	(34,099)	(1)
8500	Total comprehensive profit and loss for the year	$ 64,828	2	($ 241,385)	(8)
	Earnings per share（net loss）（Note 28）				
9710	Basic	$ 0.48		($ 0.54)	
9810	Dilution	$ 0.48		($ 0.54)	

The accompanying notes are an integral part of the individual financial statements.

（Please refer to the auditors' report of Deloitte and Touche on March 24, 2022）

Chairman: Chia-Min Yeh　　Manager: Wei-Li Yeh　　Accounting Manager: Yi-Nung Yu

De Licacy Industrial Co., Ltd.

Individual Statements of Changes in Equity

For the Years Ended December 31 of 2021 and 2020

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

Code		Common stock	Capital surplus	Retained Earnings			Other Equities			Treasury stocks	Grand Total
				Legal reserve	Special reserve	Unappropriated earnings	Exchange differences from the financial statements of foreign operating entities	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total		
A1	Balance at 1 January 2020	$ 3,845,657	$ 942,169	$ 228,353	$ 293,042	$ 578,530	($ 451,447)	$ 49,491	($ 401,956)	($ 12,681)	$ 5,473,114
	Appropriations of 2019 earnings（Note 24）										
B1	Legal reserve	-	-	55,379	-	(55,379)	-	-	-	-	-
B3	Special reserve	-	-	-	108,914	(108,914)	-	-	-	-	-
B5	Cash dividends to shareholders – NT$1.05 per share	-	-	-	-	(403,794)	-	-	-	-	(403,794)
C15	Cash dividends from capital surplus distributed to shareholders – NT$0.45 per share（Note 24）	-	(173,055)	-	-	-	-	-	-	-	(173,055)
D1	Net income for the year ended December 31 2020	-	-	-	-	(207,286)	-	-	-	-	(207,286)
D3	Other comprehensive (loss) income after tax for the year ended December 31 2020	-	-	-	-	23,332	(74,434)	17,003	(57,431)	-	(34,099)
D5	Total comprehensive (loss) income for the year ended December 31 2020	-	-	-	-	(183,954)	(74,434)	17,003	(57,431)	-	(241,385)
M3	Subsidiary liquidation and returned shares（Note 24）	-	7,459	-	-	-	12,788	-	12,788	12,681	32,928
M5	Difference between actual acquisition of the subsidiary's equity price and book value（Note 12）	-	675	-	-	-	-	-	-	-	675
M7	Changes equity to the Subsidiary ownership	-	14,310	-	-	-	422	1,102	1,524	-	15,834
Q1	Other comprehensive loss and income at fair value through liquidation（Note 24）	-	-	-	-	11,428	-	(11,428)	(11,428)	-	-
Z1	Balance at 31 December 2020	3,845,657	791,558	283,732	401,956	(162,083)	(512,671)	56,168	(456,503)	-	4,704,317
	Distributions and appropriations of 2020 earnings（Note 24）										
B13	Legal reserve to offset accumulated deficit	-	-	(162,083)	-	162,083	-	-	-	-	-
C7	Changes in equity of investment in affiliates for using equity method	-	661	-	-	-	-	-	-	-	661
C15	Cash dividends from capital surplus to shareholders – NT$0.3 per share（Note 24）	-	(115,369)	-	-	-	-	-	-	-	(115,369)
D1	Net profit for the year ended December 31, 2021	-	-	-	-	182,988	-	-	-	-	182,988
D3	Other comprehensive (loss) income after tax for the year ended December 31, 2021	-	-	-	-	(10,446)	(59,350)	(48,364)	(107,714)	-	(118,160)
D5	Total comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	172,542	(59,350)	(48,364)	(107,714)	-	64,828
Q1	Other comprehensive loss and income at fair value through liquidation（Note 24）	-	-	-	-	60	-	(60)	(60)	-	-
Z1	Balance at 31 December 2021	$ 3,845,657	$ 676,850	$ 121,649	$ 401,956	$ 172,602	($ 572,021)	$ 7,744	($ 564,277)	$ -	$ 4,654,437

The accompanying notes are an integral part of the individual financial statements.

（Please refer to the auditors' report of Deloitte and Touche on March 24, 2022）

Chairman: Chia-Min Yeh　　Manager: Wei-Li Yeh　　Accounting Manager: Yi-Nung Yu

De Licacy Industrial Co., Ltd.

Individual Cash Flows Statement

For the Years Ended December 31 of 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flow from operating activities		
A10000	Income (loss) before tax this year	$ 166,805	($ 298,184)
	Adjustments for:		
A20010	Income and expense:		
A20100	Depreciation expenses	128,415	135,352
A20200	Amortization expenses	-	93
A20300	Expected credit loss	19,559	33,378
A20400	Losses from financial assets and liabilities at fair value through profit or loss	226	17,623
A20900	Financial costs	96,903	102,090
A21200	Interest income	(17,872)	(40,280)
A22300	Share of profits and losses of subsidiaries and affiliates accounted for using the equity method	(338,114)	(93,887)
A22500	Gains on disposal of Property, plant and equipment	(44,368)	(6)
A23700	Inventory valuation and obsolescence losses	8,491	23,625
A23900	Unrealized subsidiaries and associated companies losses	(6,364)	(6,405)
A24000	Realized subsidiaries and associated companies losses	6,405	3,815
A24100	Unrealized foreign exchange losses	20,304	109,982
A24500	Gains from lease amendment	(84)	(10)
A29900	Benefits from liquidation of subsidiary using the equity method	-	(9,154)
A29900	Provision for (reversal) liabilities	2,844	(2,789)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(66,541)	14,771
A31140	Notes receivable-related parties	(27,822)	(1,584)
A31150	Accounts receivable	(145,513)	178,110
A31160	Accounts receivable-related parties	28,301	(18,668)
A31180	Other receivables	2,441	(1,998)
A31190	Other receivables-related parties	(7,444)	(2,300)
A31200	Inventory	(205,682)	(101,064)
A31230	Prepayments	(12,859)	6,379
A31240	Other current assets	(11,650)	14,243
A32110	Decrease in financial liabilities held for trading	(18,919)	(2,462)
A32130	Notes payable	74,720	(16,629)
A32140	Notes payable-related parties	25,081	6,114
A32150	Accounts payable	16,002	(17,345)
A32160	Accounts payable-related parties	60,263	(19,391)
A32180	Other payables	15,240	(45,283)
A32190	Other payables-related parties	21,646	(9,492)
A32210	Deferred income-current and non-current	(2,472)	8,894
A32230	Other current liabilities	9,338	14,366
A32240	Net defined benefit liabilities-non-current	(8,962)	(8,366)
A33000	Cash used in operations	(211,682)	(26,462)
A33100	Interest received	15,781	32,404
A33200	Dividends received	11,358	39,147
A33300	Interest paid	(98,265)	(101,686)

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Code		2021	2020
A33500	Income tax paid	($ 870)	($ 4,380)
AAAA	Net cash used in operating activities	(283,678)	(60,977)
	Cash flow from investing activities		
B00040	Acquisition of amortized cost financial assets	(9,702,766)	(10,158,528)
B00060	Gains (losses) from sale of amortized cost financial assets	9,261,244	9,478,204
B00100	Acquisition for fair value through profit and loss financial assets	(16,455)	(20,969)
B00200	Disposal for fair value through profit and loss financial assets	16,630	23,942
B00010	Acquisition for Fair value through other comprehensive income financial assets	(12,037)	(7,959)
B00020	Sales for Fair value through other comprehensive income financial assets	9,180	11,925
B01800	Acquisition of investments accounted for using equity method	(94,607)	(363,825)
B02300	Net cash generated from disposal of subsidiaries	-	466,216
B02400	Returned payments for share from subsidiary reduction of capital	15,315	-
B02700	Acquisition of property, plant and equipment	(35,477)	(46,934)
B02800	Proceeds from disposal of property, plant and equipment	51,006	9,414
B03700	Refundable deposits increase	(350)	(160)
B03800	Refundable deposits decrease	550	2,814
B04300	Other receivables-related parties increase	(161,410)	(566,293)
B04400	Other receivables-related parties decrease	566,293	76,064
B05500	Disposal of investing real-estate	-	146,827
B07100	Prepayment for equipment increase	(612)	(20,325)
BBBB	Net cash used in investing activities	(103,496)	(969,587)
	Cash flows from financing		
C00100	Short-term loans increase	20,778,774	20,296,772
C00200	Short-term loans decrease	(21,351,097)	(18,429,901)
C00500	Short-term notes payable increase	18,230,606	3,898,627
C00600	Short-term notes payable decrease	(18,230,596)	(3,618,916)
C01600	Payments of finance lease liabilities	3,067,693	1,334,900
C01700	Repayment of long-term debt	(2,101,808)	(1,988,000)
C03000	Deposit received increase	3,451	5,649
C03100	Deposit received decrease	(4,000)	(7,333)
C04020	Repayment of the principal portion of lease liabilities	(13,270)	(13,614)
C04500	Cash dividends	(115,369)	(576,849)
CCCC	Net cash generated from financing activities	264,384	901,335
EEEE	NET INCREASE (DECREASE) IN CASH	(122,790)	(129,229)
E00100	CASH AT THE BEGINNING OF THE YEAR	341,357	470,586
E00200	CASH AT THE END OF THE YEAR	$ 218,567	$ 341,357

The accompanying notes are an integral part of the individual financial statements.

（Please refer to the auditors' report of Deloitte and Touche on March 24, 2022）

Chairman: Chia-Min Yeh Manager: Wei-Li Yeh Accounting Manager: Yi-Nung Yu

1. COMPANY HISTORY

De Licacy Industrial Co., Ltd. (“the Company”) was incorporated in July 1982 and engaged in manufacturing plaid cloth, blended cloth, jacquard cloth, bubble cloth, telescopic cloth, chemical fiber cloth, polyester cotton cloth, satin and other textile manufacturing, dyeing and finishing processing and trading business.

The Company’s stock has been listed and traded on the Taiwan Stock Exchange since January 1997.

The currency used in the individual financial statements is New Taiwan Dollars.

2. THE DATE AND PROCEDURES FOR PASSING THE FINANCIAL REPORT

The individual financial statements were approved by the Corporation’s Board of Directors on March 24, 2022.

3. APPLICATION OF NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of (IFRIC), and Interpretation announcement (SIC), (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC), which did not have any material impact on the Company’s accounting policies.

(2) The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual improvement for the 2018-2020 period”	January 1, 2022 (Note 1)
Amendment to IFRS 3 “Updating a Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendment to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendment to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: IFRS 9 Amendments will be applied to the exchange of financial liabilities or modification of terms that occur during the annual report

period after January 1, 2022; IAS 41 amendments “Agriculture” will be applied to fair value measures for the annual report period after January 1, 2022. IFRS 1 amendments “First adoption of IFRSs” will be applied retroactively to the annual report period after January 1, 2022.

Note 2: The Corporation shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 3: This amendment applies to plant, property and equipment in the location and condition necessary to achieve management's intended operation mode after January 1, 2021.

Note 4: This amendment will be applied to contracts that have not fulfilled all their obligations as at January 1, 2022.

As of the date the individual financial statements were authorized for issue, the Company evaluated that there is no significant impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be confirmed
IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Accounting Estimates Definitions”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual

reporting periods beginning on or after their respective effective dates.

Note 2: The Company shall apply these amendments postponed for annual reporting periods beginning on or after January 1, 2023.

Note 3: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in the beginning annual report period after January 1, 2023.

Note 4: Except for the recognition of deferred tax for the temporary differences of lease and decommissioning obligations, the amendment applies to all transactions after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the related standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY EXPLANATION OF MAJOR ACCOUNTING POLICIES

(1) Statement of compliance

The individual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The individual financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value and net defined benefit assets recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 input is quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for an asset or liability.

In the preparation of individual financial reports, the Company applies the equity method to investment subsidiaries and related enterprises. In order to make the annual profit or loss, other comprehensive profit or loss and equity of the individual financial report the same as the annual profit or loss, other comprehensive profit or loss and equity of the Company attributable to the owners of the Company in the individual financial report of the Company, a number of accounting differences on an individual basis are adjusted for the "Investment using the equity method", "Profit or loss share of the subsidiaries and related companies using the equity method" and related equity items.

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

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in

foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gain and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not recalculated).

In the preparation of individual financial reports, the assets and liabilities of foreign operating institutions (including subsidiaries and affiliates in countries in which they operate or in currencies different from the Company) are converted to NTD at the exchange rate of each balance sheet date. Income and expense loss items are converted at the average exchange rate for the period and the resulting conversion difference is recognized as other comprehensive profit or loss.

(5) Inventories

Inventories consist of raw materials, work in progress and finished goods, and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

(6) Investment in subsidiaries

The Company uses the equity method to account for its investment in subsidiaries.

A subsidiary is an entity over which the Company has control.

Under the equity method, the original investment is recognized at cost, and the carrying amount of the investment after the acquisition date increases or decreases in accordance with the Company's share of earnings and other comprehensive income or loss of the subsidiary and profit distribution. In addition, changes in the Company's other equity interests in subsidiaries are

recognized in proportion to the Company's ownership interest.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of loss in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are substantially part of the Company's net investment in the subsidiary), the loss continues to be recognized in proportion to the Company's ownership.

When control over a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the current period. In addition, all amounts recognized in other comprehensive income or loss related to the subsidiary are accounted for on the same basis as if the Company had disposed of the related assets or liabilities directly.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the individual financial statements. Gains or losses resulting from counter-current and side-stream transactions with subsidiaries are recognized in the individual financial statements only to the extent that they are not related to the Company's interest in the subsidiary.

(7) Investment in affiliated companies

An affiliate is an enterprise over which the Company has significant influence but which is not a subsidiary or a joint venture.

The Company uses the equity method for its investments in affiliated companies.

Under the equity method, investments in affiliated companies are initially recognized at cost, and the carrying amount of such investments is adjusted for any subsequent increases or decreases in the Company's share of income or loss of the affiliated companies and other comprehensive income or loss and profit distribution. In addition, changes in equity in affiliated companies are recognized in proportion to the Company's ownership interest.

Gains or losses resulting from transactions with affiliates are recognized in the financial statements only to the extent that they are not related to the Company's interest in the affiliates.

(8) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If their respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Intangible assets

1. Separately acquired

Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization method at least at each year-end and defers the effect of changes in applicable accounting estimates.

2. Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the year.

(10) Impairment of property, plant and equipment, right-of-use assets and intangible assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash-generating units on a reasonably consistent basis.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined had the impairment loss not been recognized in prior years. Reversal of impairment loss is recognized in profit or loss.

(11) Financial instruments

Financial assets and financial liabilities are recognized in the individual balance sheets when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities when the financial assets or financial liabilities are recognized initially. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Types of measurement

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets measured at fair value through profit or loss on a mandatory basis. Financial assets at fair value through profit or loss include investments in equity instruments that are not designated as at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value with dividends and interest recognized in other income and interest income, respectively, and gains or losses arising from remeasurement recognized in other gains and losses. For the determination of fair value, please refer to Note 32.

B. Financial assets carried at amortized cost

Financial assets are classified as financial assets carried at amortized cost if both of the following conditions are met:

a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and

b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortized cost (including cash, receivables and refundable deposits carried at amortized cost) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign

currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial asset, except for the following two cases.

a. For credit-impaired financial assets acquired or created, interest income is computed by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
b. For financial assets that are not impaired but subsequently become impaired, interest income is computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period after the impairment is applied.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, it is probable that the debtor will declare bankruptcy or other financial reorganization, or the active market for the financial assets has disappeared due to financial difficulties.

C. Investments in equity instruments measured at fair value through other comprehensive income or loss

At initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held-for-trading and not acquired in a business combination with contingent consideration to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of an investment, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends from investments in equity instruments

measured at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive them is established, unless the dividends represent a partial recovery of the cost of the investment.

(2) Impairment of financial assets

The Company assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost at each balance sheet date based on expected credit losses.

An allowance for impairment is recognized on accounts receivable based on the expected credit loss over the period of the receivable. If there is no significant increase in credit risk, an allowance for loss is recognized on the basis of expected credit losses over 12 months, and if there is a significant increase, an allowance for loss is recognized on the basis of expected credit losses over the remaining period.

Expected credit losses are weighted average credit losses based on the risk of default, 12-month expected credit losses represent expected credit losses arising from possible defaults within 12 months after the reporting date and expected credit losses over the life of the financial instrument represent expected credit losses arising from all possible defaults during the expected life of the financial instrument.

For internal credit risk management purposes, the Company determines that a default on a financial asset has occurred when internal or external information indicates that the debtor is unlikely to settle the obligation, without regard to the collateral held.

An impairment loss on a financial asset is recognized by reducing the carrying amount of the financial asset through an allowance account.

(3) Derecognition of financial assets

Financial assets are derecognized only when the Company's contractual rights to the cash flows from the financial assets have lapsed or when the financial assets

have been transferred and substantially all the risks and rewards of

ownership of the assets have been transferred to other enterprises.

When a financial asset is derecognized in its entirety at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss. When equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All of the Company's financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

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

3. Derivative instruments

Derivatives are exchange rate swaps entered into by the Company to manage the Company's exposure to exchange rate risk.

Derivatives are initially recognized at fair value at the time the derivative contracts are entered into and subsequently remeasured at fair value at the balance sheet date, with gains or losses arising from subsequent measurements recognized directly in profit or loss. When the fair value of a derivative is positive, it is recorded as a financial asset; when the fair value is negative, it is recorded as a financial liability.

(12) Treasury stocks

The carrying value of the parent company's stock held by a subsidiary is based on the carrying value of the investment in the parent company when the subsidiary becomes a subsidiary.

(13) Provision for liabilities

The amount recognized as a provision for liabilities is the best estimate of the amount required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation. The provision for

liabilities is measured as the discounted value of the estimated cash flows from the settlement of the obligation.

(14) Revenue recognition

After recognizing performance obligations under customer contracts, the Company allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is satisfied.

Merchandise Sales Revenue

Revenue from merchandise sales is derived from sales of long- and short-staple fibers. The Company recognizes revenue and accounts receivable at the point when the customer has the right to set the price and use of the products and has the primary responsibility to re-sell the products, as well as the risk of obsolescence. Receipts in advance are recognized as contract liabilities when the trade term of merchandise is fulfilled or before the shipment.

Therefore, the Company does not recognize revenue at the time of material removal.

(15) Leases

The Company assesses whether the contract is a lease at the contract inception date.

1. The Company is the lessor

A lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. All other leases are classified as operating leases.

Lease payments under operating leases are recognized as income on a straight-line basis over the term of the relevant lease. The original direct costs incurred in acquiring an operating lease are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on a straight-line basis.

2. The Company is the lessee

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases, except for leases of low-value subject assets to which recognition exemptions apply and short-term leases where lease payments are recognized as expenses on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (including the original measurement of the lease liability, lease payments made prior to the lease commencement date less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately in the individual balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are measured initially at the present value of the lease payments (which are fixed payments). If the interest rate implied by the lease is readily determinable, the lease payments are discounted using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. If a change in the lease term results in a change in future lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the individual balance sheets.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on specific borrowings that are temporarily invested prior to the incurrence of qualifying capital expenditures is deducted from the cost of borrowings eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(17) Government grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to the government grant and that the grant will be received.

Government grants related to revenue are recognized in other income on a systematic basis over the period in which they are intended to compensate the Company for the related costs recognized as expenses. Government grants that are contingent upon the Company's acquisition, construction or other acquisition of non-current assets are recognized as deferred revenue and are transferred to profit or loss on a reasonable and systematic basis over the useful lives of the related assets.

Government grants are recognized in profit or loss in the period in which they become receivable if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(18) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit assets are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit assets represent the actual surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(19) Taxation

Income tax expense is the sum of current income tax and deferred income tax.

1. Current tax

Current income (loss) is determined by the regulations of each jurisdiction in which the Company files income tax returns and is used to calculate the amount of tax payable (recoverable).

Income tax on undistributed earnings is recognized in the year when the shareholders' meeting is held.

Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary differences and loss carryforwards can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that reversal is expected in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable

that sufficient taxable income will be available to allow all or part of the asset to be recovered. Deferred tax assets are reviewed at each balance sheet date and the carrying amount is increased to the extent that it is more likely than not that sufficient tax assets will be available to allow recovery of all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MAJOR SOURCES OF UNCERTAINTY IN MAJOR ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company takes the recent development of the COVID-19 epidemic in Taiwan and the possible impact on the economic environment and relevant government policies and regulations into the consideration of cash flow estimates, growth rate, discount rate, profitability and other relevant significant accounting estimates. The management continuously inspect the estimates and underlying assumptions. If a revision of an accounting estimate affects the current period, it is recognized in the period in which the estimate is revised; if a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which the estimate is revised and in future periods.

6. Cash

	December 31, 2021	December 31, 2020
Cash on hand, turnover	$ 410	$ 410
Bank checks and demand deposits	218,157	340,947
	$ 218,567	$ 341,357

7. Financial instruments at fair value through profit and loss

	December 31, 2021	December 31, 2020
Financial assets - current		
Mandatory measurement at fair value through profit or loss		
Non-derivative financial assets		
Fund beneficiary certificates	$ 8,914	$ 9,387
Financial liabilities - current		
Held for trading		
Derivative instruments (not designated as hedges)		
Exchange rate swap contracts (Note)	$ 120	$ 18,919

Note: Exchange rate swap contracts not subject to hedge accounting and outstanding at the balance sheet date were as follows:

December 31, 2021

Category	Currencies	Expiration Period	Contract Amount (in 1,000 dollars)
Foreign exchange swap contract	NTD to USD	2022.02.09～2022.03.21	NTD 442,586/USD 15,900
Foreign exchange swap contract	NTD to RMB	2022.05.24～2022.06.09	NTD 109,513/CNY 26,000

December 31, 2020

Category	Currencies	Expiration Period	Contract Amount (in 1,000 dollars)
Foreign exchange swap contract	NTD to USD	2021.01.28～2021.06.21	NTD 588,807/USD 20,000

The Company engages in exchange rate swaps mainly to hedge the risk of foreign currency assets and liabilities arising from exchange rate fluctuations.

The financial assets and liabilities at fair value through profit or loss incurred valuation losses of $7,212,000 and $23,795,000 for the years ended December 31, 2021 and 2020, respectively, are included in other gains and losses in the

individual statements of income.

8. Financial assets - Equity instrument investment at fair value through other comprehensive profit or loss

	December 31, 2021	December 31, 2020
Investments in equity instruments - current		
Domestic investment		
Domestic listed stocks		
NANTEX Industry Co., Ltd., common stocks	$ 2,556	$ -
Investments in equity instruments - non-current		
Domestic investment		
Private shares of listed companies		
Chia Her Industry Co., Ltd., private common shares	$ 28,689	$ 56,222

In July 2013, the Company subscribed 13,980,000 shares (2,266,000 shares after capital reduction, 2.764% shareholding) of the private placement common stock of Chia Her Industrial Co. at NT$1.43 per share, totaling NT$19,991,000. Although the aforementioned shareholding has passed the three-year lock-up period, the past profit situation of Chia Her Industrial Co. Ltd. However, the Company is still unable to complete the public offering because its past profits do not meet the requirements for listing.

The Company has invested in the private placement of common stock of Chia Her Industrial Co. Ltd. for medium and long-term strategic purposes and expects to make profits from the long-term investment. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and has therefore elected to designate these investments as measured at fair value through other comprehensive income.

9. Financial assets at amortized cost

	December 31, 2021	December 31, 2020
Current		
Domestic investment		
Pledged demand deposit	$ 297,374	$ 302,193
Pledged time deposit (1)	2,792,264	2,387,493
	$ 3,089,638	$ 2,689,686

(1) As of December 31, 2021 and 2020, time deposit interest rate range is 0.07%～2.65% and 0.07%～0.6%, respectively.

(2) For information on pledges of financial assets measured at amortized cost. (see Note 34)

(3) The Company invests only in liability instruments with low credit risk as assessed by the impairment. The Company considers the historical default loss rate and the outlook of the industry in which it operates to measure the expected credit loss over 12 months or the expected credit loss over the life of the investment in liability instruments. As the debtor has low credit risk and sufficient ability to settle the contractual cash flows, no expected credit loss has been recorded against financial assets at amortized cost as of December 31, 2021 and 2020.

10. Notes receivable and net accounts receivable

1. Notes receivable

Notes receivable of the Company are all business-related.

No overdue notes receivable of the Company on December 31, 2021 and 2020, thus no allowance was made for losses.

2. Accounts receivable

	December 31, 2021	December 31, 2020
At amortized cost		
Total book value	$ 521,203	$ 397,203
Less: Allowance for the losses	48,149	50,103
	$ 473,054	$ 347,100

The average credit period for merchandise sales is 60 days and accounts receivable are non-interest bearing. To mitigate credit risk, the Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions are

taken to collect overdue accounts receivable. In addition, the Company reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes an allowance for losses on accounts receivable based on expected credit losses over the period of time. The expected credit loss for the duration of the period is calculated, which takes into account the customer's past default history and current financial condition. Since the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, it does not further differentiate between customer groups and only uses the number of days that accounts receivable are open to determine the expected credit loss rate.

If there is evidence that the counter-party is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counter-party is in liquidation, the Company directly eliminates the related accounts receivable, but continues to pursue recovery activities, as the amount recovered is recognized in profit or loss.

The Company measured the allowance for losses on accounts receivable based on the provision matrix as follows:

December 31, 2021

	Less than 90 days	91-180 days	181-365 days	366 days above	Total
Expected credit loss rate	0%	5%	100%	100%	
Total carrying amount	$ 443,912	$ 30,676	$ 14,249	$ 32,366	$ 521,203
Allowance for losses (expected credit losses during the continuance period)	-	(1,534)	(14,249)	(32,366)	(48,149)
Amortized cost	$ 443,912	$ 29,142	$ -	$ -	$ 473,054

December 31, 2020

	Less than 90 days	91-180 days	181-365 days	366 days above	Total
Expected credit loss rate	0%	5%	100%	100%	

Total carrying amount	$ 322,912	$ 25,461	$ 17,988	$ 30,842	$ 397,203
Allowance for losses (expected credit losses during the continuance period)	-	(1,273)	(17,988)	(30,842)	(50,103)
Amortized cost	$ 322,912	$ 24,188	$ -	$ -	$ 347,100

Information on the changes in the allowance for losses on accounts receivable is as follows:

	2021	2020
Beginning balance	$ 50,103	$ 16,807
Impairment loss for the year	19,559	33,378
Actual write-off for the year	(21,513)	(82)
Ending balance	$ 48,149	$ 50,103

11. Inventory

	December 31, 2021	December 31, 2020
Finished goods	$ 942,075	$ 922,188
Work-in-progress	342,971	268,596
Raw materials	283,901	180,972
	$ 1,568,947	$ 1,371,756

The nature of cost of goods sold is as follows:

	2021	2020
Costs of goods sold	$ 3,465,976	$ 2,734,293
Inventory valuation and obsolescence losses	8,491	23,625
Unallocated manufacturing costs (Note)	22,495	49,874
Others	1,371	(506)
	$ 3,498,333	$ 2,807,286

Note: Unallocated manufacturing costs include expenses related to the shutdown period due to the impact of the COVID-19 epidemic.

12. Investments by using the equity method

	December 31, 2021	December 31, 2020
Investment in subsidiary	$ 7,004,039	$ 6,736,290
Investment in affiliated companies	155,127	111,412
	$ 7,159,166	$ 6,847,702

1. Investment in subsidiary

	December 31, 2021	December 31, 2020
Unlisted public and OTC companies		
De Licacy (Samoa) Holding Company	$ 3,726,360	$ 3,393,211
De-Fa International Industrial Co., Ltd.	24,271	49,709
View Best Global Limited	17,681	41,053
Chadex Industrial Co., Ltd.	202,176	239,702
British Virgin Islands De Licacy BVI Holdings Limited	3,033,551	3,012,615
	$ 7,004,039	$ 6,736,290

	Percentage of ownership and voting rights	
	December 31, 2021	December 31, 2020
De Licacy (Samoa) Holding Company	100%	100%
De-Fa International Industrial Co., Ltd.	100%	100%
View Best Global Limited	100%	100%
Chadex Industrial Co., Ltd.	55.06%	55.06%
British Virgin Islands De Licacy BVI Holdings Limited	100%	100%

1) The Company increased its investment in De Licacy (Samoa) Holding Company by $55,645,000 (US$2,000,000) and $320,241,000 (US$11,059,000) in 2021 and 2020, respectively.
2) The Company increased its investment in View Best Global Limited (100% owned) by $15,622,000 (US$540,000) in October 2020, mainly for the purpose of lending funds to ATAGO Vietnam (30% owned) for its operations. The Company decreased the paid-in capital and received the returned payment of shares, amounting to $15,315,000 (US$540,000) in October 2021.
3) In 2020, the Company acquired 4.65% of the shares of Chadex Industrial Co., Ltd. from an unrelated party for $21,329,000, resulting in an

increase in shareholding from 50.41% to 55.06%. The Company increased capital surplus by $675,000 for the difference between the actual acquisition price and the carrying value.

4) On January 14, 2020, the Board of Directors approved the purchase of 1.22% of the shares of Lucky Unique Enterprise Co., Ltd. (“Lucky Unique”) from its subsidiary Tung Ming Textile Co., Ltd. (“Tung Ming”) for $6,633,000, which increased its shareholding from 59.7% to 60.92%; on March 12, 2020, the Board of Directors approved the sale of 60% of the shares of De Kao Trading Co., Ltd. (“De Kao”) to Lucky Unique for $12,000,000. On April 20, 2020, the Board of Directors approved the sale of 91.28% of the shares of Tung Ming to the subsidiary, Lucky Unique for $258,989,000; and on June 19, 2020, the Board of Directors approved the sale of 35.94% of the shares of Lucky Unique (total of 14,293,000 shares) to a unrelated party for $195,227,000 ($13.7 per share, and $587,000 of securities transactions tax was deducted), resulting in a reduction of the shareholding to 24.98%. The transaction price was determined with reference to the valuation report of Chang Xin Asset Consulting Co. Ltd., an independent consultant of the unrelated party, on March 31, 2020. The evaluation method adopted shareholders’ equity-net value method and price-to-earnings ratio method. The mutual parties for buying and selling completed the equity transfer and the settlement made on July 8, 2020, the Company lost control over Lucky Unique Enterprise Co., Ltd. and its subsidiaries. The remaining investment was recognized as investment in affiliated companies at fair value on the date of loss of control, see Note 29 and Note 32 to the Consolidated Financial Statements for 2021.

5) For the changes in the percentage of ownership and items of stockholders’ equity resulting from various equity transactions, see Notes 12 and 33 to the Company’s 2021 Consolidated Financial Statements. For the details of the Company’s indirectly held investment subsidiaries, see Notes 6 and 7.

The shares of income and other comprehensive income of the subsidiaries using the equity method in 2021 and 2020 are recognized

based on the audited financial statements of each subsidiary for the same periods.

2. Investment in affiliated companies – Significant affiliated companies

	December 31, 2021	December 31, 2020
Lucky Unique Enterprise Co., Ltd.	$ 155,127	$ 111,412

In 2021, the Company increased cash capital to Lucky Unique for $38,962,000 (not according to shareholding percentage), which decrease its shareholding from 24.98% to 24.1%. As of December 31, 2021, the Company's percentage of shareholding and voting rights in Lucky Unique is 24.1% and 24.98%, respectively.

For the business nature, principal place of business and country information of the company registration of the above-mentioned related enterprises, please refer to Schedule 6 "Information of the Invested Company, Location ... and Other Related Information".

13. Property, plant and equipment

The schedule of changes in property, plant and equipment for the years ended December 31, 2021 and 2020 is shown in Schedule 10.

Owned land includes a portion of the Company's plant (with a carrying value of $23,507,000), which is agricultural land and is temporarily registered in the name of others, but the agricultural land has been pledged to the Company.

The Company' property, plant and equipment were assessed in 2021 and 2020, there is no indication of impairment.

Depreciation expense is provided on a straight-line basis over the following useful lives:

Land improvements	3 to 40 years
Buildings	
Plant main buildings	20 to 55 years
Mechanical and power equipment	5 to 40 years
Engineering system	3 to 55 years
Others	2 to 25 years
Machinery	2 to 12 years
Transportation equipment	3 to 6 years
Other equipment	2 to 25 years

For the amount of property, plant and equipment pledged as security for loans by the Company, see Note 34.

14. Lease agreement

1. Right-of-use assets

	Buildings	Transportation equipment	Total
Costs			
Balance at 1 January 2020	$ 27,902	$ 2,106	$ 30,008
Additions	16,662	416	17,078
Decrease	(3,084)	(2,106)	(5,190)
Balance at 31 December 2020	$ 41,480	$ 416	$ 41,896
Accumulated depreciation			
Balance at 1 January 2020	$ 7,685	$ 1,656	$ 9,341
Depreciation expenses	12,808	508	13,316
Decrease	(1,850)	(2,106)	(3,956)
Balance at 31 December 2020	$ 18,643	$ 58	$ 18,701
December 31, 2020 net	$ 22,837	$ 358	$ 23,195
Costs			
Balance at 1 January 2021	$ 41,480	$ 416	$ 41,896
Additions	9,281	1,007	10,288
Decrease	(16,661)	-	(16,661)
Balance at 31 December 2021	$ 34,100	$ 1,423	$ 35,523
Accumulated depreciation			
Balance at 1 January 2021	$ 18,643	$ 58	$ 18,701
Depreciation expenses	12,662	335	12,997
Decrease	(4,628)	-	(4,628)
Balance at 31 December 2021	$ 26,677	$ 393	$ 27,070
December 31, 2021 net	$ 7,423	$ 1,030	$ 8,453

2. Lease liabilities

	December 31, 2021	December 31, 2020
Lease liabilities carrying amount		
Current	$ 6,892	$ 14,035
Non-current	$ 1,652	$ 9,378
Buildings	$ 7,508	$ 23,054
Transportation equipment	1,036	359
	$ 8,544	$ 23,413

The discount rate range of the lease liabilities is as follows:

	December 31, 2021	December 31, 2020

	December 31, 2021	December 31, 2020
Buildings	1.53%～1.68%	1.53%～1.68%
Transportation equipment	1.45%～1.48%	1.45%

3. Other leasing information

	2021	2020
Short-term leasing expense	$ 1,680	$ 1,680
Total cash used in leasing	($ 14,950)	($ 15,294)

The Company has selected to apply the exemption from recognition to leases office premises and plant that qualify as short-term leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

All commitments under leases with lease periods beginning after the balance sheet date are as follows:

	December 31, 2021	December 31, 2020
Lease commitment	$ 580	$ 490

15. Other intangible assets – December 31, 2020

For computer software licenses, the changes are as follows:

	2020
Costs	
Beginning balance	$ 945
Expiry derecognition	(945)
Ending balance	$ -

	2020
Accumulated amortization	
Beginning balance	$ 852
Amortization expenses	93
Expiry derecognition	(945)
Ending balance	$ -
Ending net	$ -

Amortization fee is accrued on a straight-line basis over one year of useful life for the above assets.

16. Prepayments

	December 31, 2021	December 31, 2020
Prepayment for purchases	$ 20,580	$ 11,419
Prepayment for plating fee	2,606	4,090
Others	14,222	9,040
	$ 37,408	$ 24,549

17. Other current assets

	December 31, 2021	December 31, 2020
Income tax refund receivable	$ 45,368	$ 35,966
Input tax	1,037	1,097
Overpaid sales tax	766	-
Others	3,395	1,853
	$ 50,566	$ 38,916

18. Loan

1. Short-term loans

	December 31, 2021	December 31, 2020
Secured loan (Note 34)		
Bank loan	$ 2,061,500	$ 2,677,000
Unsecured loan		
Bank loan by line of credit	1,978,153	1,934,976
	$ 4,039,653	$ 4,611,976

The annual interest rates of bank loans ranged from 0.34% to 1.5% and 0.97% to 1.41% on December 31, 2021 and 2020, respectively.

2. Short-term notes payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ 710,000	$ 710,000
Less: Discount on short-term notes and bills payable	489	499
	$ 709,511	$ 709,501

Outstanding short-term notes and bills payable are as follows:

December 31, 2021

Guarantor/ Acceptance agency	Face amount	Discount amount	Carrying amount	Interest rate range (%)	Name of collateral	Collateral carrying amount
Commercial paper payable						
Grand Bills Finance Corp.	$ 50,000	$ 12	$ 49,988	0.500	none	$ -
Taiwan Cooperative Bills Finance Corp.	100,000	114	99,886	0.902	none	-
China Bills Finance Corp.	50,000	4	49,996	0.400	none	-
Mega Bills Finance Co. Ltd.	50,000	64	49,936	0.852	none	-

Dah Chung Bills Finance Corp.	50,000	15	49,985	0.850	none	-
Da Ching Bills Finance Corp.	50,000	6	49,994	1.040	none	-
Taiwan Finance Corp.	50,000	47	49,953	1.000	none	-
International Bills Finance Corp.	50,000	40	49,960	0.650	none	-
O-Bank	260,000	187	259,813	0.270	none	-
	$ 710,000	$ 489	$ 709,511			

December 31, 2020

Guarantor/ Acceptance agency	Face amount	Discount amount	Carrying amount	Interest rate range (%)	Name of collateral	Collateral carrying amount
Commercial paper payable						
Grand Bills Finance Corp.	$ 50,000	$ 20	$ 49,980	0.500	none	$ -
Taiwan Cooperative Bills Finance Corp.	100,000	133	99,867	0.902	none	-
China Bills Finance Corp.	50,000	3	49,997	0.400	none	-
Mega Bills Finance Co. Ltd.	50,000	5	49,995	0.852	none	-
Dah Chung Bills Finance Corp.	50,000	41	49,959	0.850	none	-
Da Ching Bills Finance Corp.	50,000	81	49,919	1.040	none	-
Taiwan Finance Corp.	50,000	28	49,972	1.140	none	-
International Bills Finance Corp.	50,000	5	49,995	0.650	none	-
O-Bank	260,000	183	259,817	0.330	none	-
	$ 710,000	$ 499	$ 709,501			

3. Long-term bank loans

	December 31, 2021	December 31, 2020
Secured loan		
Bank loan 1.	$ 1,051,667	$ 12,000
Syndicated loans 2. & 3.	2,022,507	2,199,932
Less: Syndicated loans arrangement fee	5,225	4,653
	3,068,949	2,207,279
Unsecured loan		
Bank loan by line of credit 1.	973,950	871,400
	4,042,899	3,078,679
Less: Classified as the part due within one year	197,001	273,158
	$ 3,845,898	$ 2,805,521

1) Bank guarantees and credit loan

	Expiry Date	Significant Terms	December 31, 2021	December 31, 2020
Secured loan				
Bank loan	2023.10.13	The principal is repaid at a time when it is due.	$ 1,041,000	$ -
Bank loan	2024.08.15	From September 2021, average amortization of principal in 36 installments.	10,667	12,000
Unsecured loan				

Bank loan by line of credit	2022.01.19～2026.12.08	Since July 2017, the principal has been amortized on an average half-year basis. This loan is intended to remit the capital required to set up the Vietnam plant in the investment share capital.	270,000	240,000
Bank loan by line of credit	2026.05.15～2029.07.09	From April and May 2022, the principal will be repaid in average monthly installments, respectively.	250,000	250,000
Bank loan by line of credit	2025.08.21～2029.11.12	From September 2021 to May 2024, the principal will be repaid in average monthly installments, respectively.	288,117	293,400
Bank loan by line of credit	2025.10.08	From November 2021, the principal will be repaid in average monthly installments.	95,833	88,000
Bank loan by line of credit	2026.02.04	From March 2021, the principal will be repaid in average monthly installments.	70,000	-
			2,025,617	883,400
Less: Classified as the part due within one year			197,001	97,158
			$ 1,828,616	$ 786,242

The interest rates on December 31, 2021 and 2020 were 0.21% to 1.55% and 0.21% to 1.5%, respectively.

2) New bank syndications signed on September 30, 2021

(1) Syndicated credit line－NT$2,200,000,000

On September 30, 2021, the Company entered into a syndicated credit agreement with a syndicate of banks for a total amount of NT$2,200,000,000, the purpose of which is to repay loans from financial institutions and to replenish medium-term operating turnover.

Terms and conditions

	Line of credit	Used amount December 31, 2021	Credit period	Annual interest rate	Credit granting method
Item A	$ 1,200,000	$ 1,023,600	From the date of first use to the date of expiration of 5 years	1.797%	Should not be revolving use
Item B (Commercial paper guarantee)	1,000,000	998,907	From the date of first use to the date of expiration of 5 years	1.4905%	Revolving use is allowed
	$ 2,200,000	$ 2,022,507			

Settlement method

Item A: The 30-month maturity date from the first drawdown date (October 22, 2021) will be the first installment. Thereafter, the outstanding principal balance of Item A before the date of expiration will be amortized in six months at a rate of six installments. Of these, 8 percent were amortized for the first to fifth installments and 60 percent for the sixth installment. However, if the date of amortization of the balance of principal for any period as set out in the

foregoing manner will be later than the final maturity date, the final maturity date shall be the amortization date of the principle for that period.

Item B: The full payment obligation shall be fulfilled on the maturity date of the commercial promissory note at the face amount as scheduled, and the first installment shall expire 30 months from the date of the first use, and thereafter the amount shall be reduced in six installments at a rate of one every six months. Among them, the first to the fifth phase of the amortization and decrement of 8 percent, the sixth phase of the amortization and decrement of 60 percent.

Financial ratios

During the term of this contract, the Company's consolidated financial statements shall maintain the ratios shown below:

A. Current Ratio (Current Assets/(Current Liabilities－Dividends payable)): shall not be less than one hundred percent (100%) (Inclusive).

B. Liabilities Ratio: (Total Liabilities－Dividends Payable－Bank loans secured by full certificates of deposit)/Net of tangibles: in 2021 and before 2022 (inclusive), shall not be higher than two hundred and twenty-five percent (225%) (inclusive); in 2023, shall not be higher than two hundred and ten percent (210%) (inclusive); in 2024, shall not be higher than two hundred percent (200%) (inclusive).

C. Interest covers multiplier ((Net income before tax＋Finance costs ＋ Depreciation ＋ Amortization)/Amortization)/Finance costs): 4 times (inclusive) above.

D. Net of Tangibles (Equity(include minor shareholdings)－Intangible Assets＋Dividends payable): not less than NT$4.5 billion (inclusive).

The above financial ratios shall be reviewed every six months from the 2021 consolidated financial statements provided by the

borrower. If the borrower fails to meet any one of the above financial ratios in one inspection, but can meet at the next inspection, it will not be regarded as a breach of the contract agreement. However, from the latest interest rate adjustment base date after the inspection date, the loan interest rate shall be increased by 0.15 percent until the financial ratios meet all financial ratio requirements at the next inspection.

All financial ratios in the Company's 2021 consolidated financial statements are in compliance with the above loan contract requirements.

3) Original bank syndications signed on February 13, 2019

One February 13, 2019, the Company entered into a syndicated credit agreement with a syndicate of banks for a total amount of NT$2,200,000,000, the purpose of which is to repay loans from financial institutions and to replenish medium-term operating turnover.

As the financial ratios in the consolidated financial statements for the second quarter of 2020 and fiscal year of 2020 did not meet the requirements of the loan agreement, the Company applied to the syndicated credit syndicate for a waiver of the financial ratios in the 2020 semi-annual and annual reports and for a new guarantee line of NT$800,000,000 (Item B) for the issuance of commercial paper (the total amount of Item A and Item B to be utilized shall not exceed the total line of NT$2,200,000,000, and the first supplementary contract was signed on November 30, 2020.

Terms and conditions

		Used amount			
	Line of credit	December 31, 2020	Credit period	Annual interest rate	Credit granting method
Item A	$ 2,200,000	$ 1,400,000	From the date of first use to the date of expiration of 5 years	1.797%	Should not be revolving use
Item B (Commercial paper guarantee)	800,000	799,932	From the date of first use to the date of expiration of 5 years	0.85%	Revolving use is allowed
	$ 3,000,000	2,199,932			
Less: Classified as the part due within one year		176,000			
		$ 2,023,932			

Settlement method

Item A: The 30-month maturity date from the first drawdown date (February 21, 2019) will be the first installment. Thereafter, the

outstanding principal balance of Item A will be amortized in six installments at a rate of six installments. Of these, 8 percent were amortized for the first to fifth installments and 60 percent for the sixth installment. However, if the date of amortization of the balance of principal for any period as set out in the foregoing manner will be later than the final maturity date, the final maturity date shall be the amortization date of the principle for that period.

Item B: The full payment obligation shall be fulfilled on the maturity date of the commercial promissory note at the face amount as scheduled, and the first installment shall expire 30 months from the date of the first use, and thereafter the amount shall be reduced in six installments at a rate of one every six months. Among them, the first to the fifth phase of the amortization and decrement of 8 percent, the sixth phase of the amortization and decrement of 60 percent.

Financial ratios

During the term of this contract, the Company's consolidated financial statements shall maintain the ratios shown below:

A. Current Ratio (Current Assets/(Current Liabilities － Dividends payable)): shall not be less than one hundred percent (100%) (Inclusive).

B. Liabilities Ratio: (Total Liabilities － Dividends Payable － Bank loans secured by full certificates of deposit)/Net of tangibles: shall not be higher than two hundred percent (200%) (inclusive).

C. Interest covers multiplier ((Net income before tax＋Finance costs ＋ Depreciation ＋ Amortization)/Amortization)/Finance costs): 6 times (inclusive) above.

D. Net of Tangibles (Equity(include minor shareholdings)－Intangible Assets ＋ Dividends payable): not less than NT$4.5 billion (inclusive).

The Company fails to meet the above restrictions of liability ratio for the second quarter of 2021. If the Company can meet at the next

inspection on the 2021 consolidated financial statements, it will not be regarded as a breach of the contract agreement. However, from the latest interest rate adjustment base date after the inspection date, the loan interest rate shall be increased by 0.15 percent until the financial ratios meet all financial ratio requirements at the next inspection for 2021 consolidated financial statements. The Company and its subsidiary, Desheng Cayman Holding Company, signed a syndicated credit agreement with the banks for a total amount of NT$2,200,000,000 and US$28,000,000, respectively. On October 22, 2021 and November 10, 2021, the Company and Desheng Cayman Holding Company made the repayment of NT$2,023,483,000 and US$24,500,000, respectively for the above syndicated credit with the new bank syndications.

The Company's pledges to secure long-term loans are described in Note 34.

19. Notes payable and Accounts payable

(1) Notes payable

	December 31, 2021	December 31, 2020
Notes payable		
Occurrence due to business	$ 134,702	$ 59,983
Occurrence due to nonbusiness－purchase of property, plant and equipment	3,145	1,222
	$ 137,847	$ 61,205

(2) All accounts payable for business.

(3) The Company has a financial risk management policy to ensure that all payables are repaid within the prearranged credit terms.

20. Other accounts payables

	December 31, 2021	December 31, 2020
Payroll payable and bonus	$ 60,587	$ 36,379
Remuneration for employees and directors	9,709	25,096
Utilities payable	17,733	13,868
Commission payable	8,413	8,662
Transportation fee payable	16,154	7,768
Leave payable	7,830	3,696
Equipment payable	3,970	924
Others	46,356	56,000
	$ 170,752	$ 152,393

21. Deferred income

	December 31, 2021	December 31, 2020
Current	$ 297	$ 7,472
Noncurrent	$ 6,125	$ 1,422

This represents government subsidies from environmental improvement projects, energy conservation projects and production line technology renovation, which has been recorded as deferred income and transferred to profit or loss over the useful lives of the related assets of 7 to 14 years.

22. Refund liability

	2021	2020
Beginning balance	$ -	$ 2,789
Current year provision (reversal) of refund liability	2,844	(2,789)
Ending balance	$ 2,844	$ -

23. Post-employment benefit plan

(1) Defined contribution plan

The Labor Pension Act, which is a defined post-employment contribution plan administered by the government, is applicable to the Company and its domestic subsidiaries, and contributes 6% of employees' monthly salaries to the individual accounts of the Labor Insurance Bureau.

(2) Defined benefit plan

The pension plan of the Company and its domestic subsidiaries under the Labor Standards Act in Taiwan is a government-administered defined benefit pension plan. The employees' pension payments are based on the average

salary for the six months prior to the date of approved retirement. The Company contributes 2% to 4% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Labor Pension Fund Supervisory Committee in a special account in the Bank of Taiwan. If the balance of the special account is not sufficient to pay the employees who are expected to meet the retirement requirements in the following year before the end of the year, the difference will be withdrawn in one lump sum by the end of March of the following year. The management of the special account is entrusted to the Bureau of Labor Funds, Ministry of Labor, and The Company has no right to influence the investment management strategy.

The amounts of defined benefit plan included in the individual balance sheets are shown below:

	December 31, 2021	December 31, 2020
Defined benefit obligation current value	$ 181,821	$ 176,026
Plan assets at fair value	(193,344)	(190,548)
	($ 11,523)	($ 14,522)

Net defined benefit assets changes:

	Defined benefit obligation current value	Plan assets at fair value	Net defined benefit assets
January 1, 2020	$ 235,314	($ 213,081)	$ 22,233
Current service costs	2,028	-	2,028
Interest expense (income)	1,765	(1,642)	123
Recognized in profit or loss	3,793	(1,642)	2,151
Re-measurement			
Plan assets remuneration (in addition to the amount included in net interest)	-	(7,198)	(7,198)
Actuarial losses (benefits)			
Changes in demographic assumptions	16	-	16

(Continued)

（continued from the previous page）

	Defined benefit obligation current value	Plan assets at fair value	Net defined benefit assets
Changes in financial assumptions	$ 4,051	$ -	$ 4,051
Experience adjustment	(25,258)	-	(25,258)
Recognized in other comprehensive loss or income	(21,191)	(7,198)	(28,389)
Employer's contribution	-	(10,517)	(10,517)
Benefit expenditures	(41,890)	41,890	-
December 31, 2020	176,026	(190,548)	(14,522)
Current service costs	1,227	-	1,227
Interest expense (income)	880	(978)	(98)
Recognized in profit or loss	2,107	(978)	1,129
Re-measurement			
Plan assets remuneration (in addition to the amount included in net interest)	-	(2,582)	(2,582)
Actuarial losses (benefits)			
Changes in demographic assumptions	3,514	-	3,514
Changes in financial assumptions	(1,976)	-	(1,976)
Experience adjustment	13,005	-	13,005
Recognized in other comprehensive loss or income	14,543	(2,582)	11,961
Employer's contribution	-	(10,091)	(10,091)
Benefit expenditures	(10,855)	10,855	-
December 31, 2021	$ 181,821	($ 193,344)	($ 11,523)

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	2021	2020
Operation cost	$ 644	$ 1,176
Marketing expense	152	319
Management expense	144	274
R&D expense	189	382
	$ 1,129	$ 2,151

The Company is exposed to the following risks as a result of the Labor Standards Act pension system:

1. Investment Risk: Bureau of Labor Funds, Ministry of Labor invests its labor pension funds in domestic and foreign equity securities, debt securities and bank deposits through its own use and entrusted operations, but the amount of Plan Assets allocated to the Company is based on the income at an interest rate not lower than the local bank's two-year time deposit rate.
2. Interest Risk: The decrease in interest rates on government bonds will increase the current value of the defined benefit obligation, but the return on investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3. Payroll Risk: The defined benefit obligation current value is calculated by reference to the future salary of the plan member. Therefore, an increase in plan members' salaries will increase the defined benefit obligation current value.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.5%
Expected rate of salary increase	1.5%	1.5%

The amounts that would increase (decrease) the present value of the defined benefit obligation if there were reasonably possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant, are as follows:

	December 31, 2021	December 31, 2020
Discount rate		
Increase 0.1%	($ 1,582)	($ 1,637)
Decrease 0.1%	$ 1,603	$ 1,659
Expected rate of salary increase		
Increase 0.1%	$ 1,563	$ 1,616
Decrease 0.1%	($ 1,546)	($ 1,598)

The sensitivity analysis above may not reflect actual changes in the current value of the defined benefit obligation because actuarial assumptions may be correlated with each other and changes in only one assumption are unlikely.

	December 31, 2021	December 31, 2020
Amount expected to be withdrawn within 1 year	$ 10,500	$ 9,888
Average period of defined benefit obligation expiration	8.7 years	9.3 years

24. Equity

(1) Common stocks

	December 31, 2021	December 31, 2020
Authorized shares (1000 shares)	480,000	480,000
Authorized capital stock	$ 4,800,000	$ 4,800,000
Number of shares issued and fully paid (1000 shares)	384,566	384,566
Issued capital stocks	$ 3,845,657	$ 3,845,657

The issued common shares have a par value of $10 per share and each share is entitled to one vote and the right to receive dividends.

(2) Capital surplus

	December 31, 2021	December 31, 2020
May be used to make up losses, pay cash or capitalize (Note)		
Stock issuance premium	$ 501,694	$ 617,063
Corporate bond conversion premium	32,325	32,325
Treasury stocks transactions	77,146	77,146
Actual acquired or the difference between the actual acquisition or disposal price of a subsidiary and its carrying value	65,024	65,024
May be used to make up losses		

Recognition of changes in equity of investment in affiliates accounted for using equity method	661	-
	$ 676,850	$ 791,558

Note: Such capital surplus may be used to cover losses or, when the Company has no losses, to distribute cash or to capitalize capital, provided that such capitalization is limited to a certain percentage of the paid-in capital each year.

(3) Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual accounts, the Company shall first pay taxes to cover the deficits of previous years and then set aside 10% as legal reserve, but if the legal reserve has reached the Company's paid-in capital, it may not be set aside, and the rest shall be set aside or reversed to special reserve in accordance with the law, and the remaining amount shall be added up. The accumulated undistributed earnings of prior years shall be retained by the board of directors at its discretion, depending on the operational needs, to prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. The Company's policy on the distribution of employees' and directors' remuneration is described in Note 26-(8) "Employee Compensation and Directors' Remuneration".

Under the objective of maintaining schedule dividends, the Board of directors shall, in principle, distribute not less than 50% of the scheduled earnings, of which the cash portion of dividends and bonuses to shareholders shall not be less than 10% of the shareholders' distribution, subject to adjustment based on the Company's performance and capital requirements.

The legal reserve shall be set aside until the remaining balance reaches the Company's total paid-in capital and may be used to cover losses. If the Company has no deficit, the excess of the legal reserve over 25% of the total paid-in capital may be distributed in cash.

When the Company sets aside the special reserve by using the net amount of prior accumulated other equity deductions, and the unappropriated surplus in

the previous period is insufficient to set aside, the current net profit after tax plus the other items other than the net profit after tax shall be included in the current unappropriated surplus for setting aside. Before the amendments of the Articles of Incorporation, the Company sets aside the special reserve from the unappropriated surplus of the previous period in accordance with the law.

The Company resolved to distribute earnings for the year 2019 at the Shareholders' Meetings held on June 11, 2020, the distribution is as follows:

	2019
Legal reserve	$ 55,379
Special reserve	108,914
Cash dividends	403,794
Cash dividends per share (NT$)	1.05

Due to the announcement of "Relevant measures to postpone the shareholders' meetings of listed companies upon the epidemic" by FSC, the Company cancelled the original Shareholders' Meeting and rescheduled it on July 28, 2021.

The Company resolved to cover the loss by legal reserve of NT$162,083,000 at the Shareholders' Meeting on July 28, 2021.

The Company resolved at the regular Shareholders' Meeting on July 28, 2021 to distribute cash dividends (NT$0.3 per share) at a capital surplus - share issue premium of NT$115,369,000 and on June 11, 2020 to distribute cash dividends (NT$0.45 per share) at a capital surplus - share issue premium of NT$173,055,000.

As of March 24, 2022, the Board of Directors of the Company has not yet proposed the earning distribution for 2021.

(4) Special reserve

	2021	2020
Beginning balance	$ 401,956	$ 293,042
Special reserve		
Deductions from other equity	-	108,914
Ending balance	$ 401,956	$ 401,956

Upon the distribution of earnings, a special reserve is provided for the difference between the net decrease in other stockholders' equity recorded at the end of the reporting period and the special reserve provided for the first

time using IFRSs. If the balance of the decrease in other stockholders' equity subsequently reverses, the earnings may be distributed as part of the reversal.

(5) Other equities

1. Conversion difference in the conversion of financial statements of foreign operating institutions

	2021	2020
Beginning balance	($ 512,671)	($ 451,447)
Current year occurred		
Conversion differences of foreign operating institutions	(72,233)	(88,840)
Related taxes of foreign operating institutions	14,447	17,768
Shares of subsidiaries and affiliates adopting the equity method	(1,564)	(3,362)
Other comprehensive income of the year	(59,350)	(74,434)
Disposal of shares of subsidiaries accounted for using the equity method	-	12,788
Changes equity to the Subsidiary ownership	-	422
Ending balance	($ 572,021)	($ 512,671)

2. Unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income

	2021	2020
Beginning balance	$ 56,168	$ 49,491
Current year occurred		
Unrealized gain or loss/equity instruments	(27,834)	8,894
Shares of subsidiaries and affiliates adopting the equity method	(20,530)	8,109
Other comprehensive income of the year	(48,364)	17,003
Changes equity to the Subsidiary ownership	-	1,102
Transfer of accumulated gain or loss on disposal of equity instruments to retained earnings	(60)	(11,428)
Ending balance	$ 7,744	$ 56,168

(6) Treasury stocks

Shares of parent company held by subsidiaries (1000 shares)	2020
Shares in starting period	1,218
Increase during the period (Note 1)	25
Decrease during the period (Note 2)	(1,243)
Shares in ending period	-

Note 1: The Company's shareholding in Lucky Unique Enterprise Company increased by 1.22% in 2020, representing an individual shareholding of

25,000 shares in the Company.

Note 2: The Company disposed of Lucky Unique Enterprise Company's shares in 2020 and lost control of Lucky Unique Enterprise Company. Therefore, Lucky Unique Enterprise Company's shares are no longer treated as treasury stock, and the market price of the Company's shares and the carrying amount of treasury stock are increased by the capital surplus - treasury stock of NT$7,459,000.

The shares held by subsidiaries are treated as treasury stocks, except that they are not allowed to participate in the Company’s capital increase and have no voting rights, and have the same rights as ordinary shareholders.

25. Revenue

	2021	2020
Sales revenue	$ 3,869,612	$ 3,005,640

(1) Description of customer agreement

Revenue from sales of long- and short-staple fibers

The Company recognizes revenue and accounts receivable from the sale of short- and long-haul fabrics when the terms of trade are fulfilled. The average credit period of the Company's merchandise sales is 60 days. Most of the contracts are recognized as accounts receivable when the merchandise is transferred and the Company has the unconditional right to receive the consideration. These account receivables are usually collected in short time and do not have significant financial components. However, for some of these contracts, the Company is obligated to transfer the merchandise to the customer when the consideration was received from those customers before transferring the merchandise, which shall be recognized as contract liabilities.

(2) Balance of contract

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (including related party) (Note 10 and 33)	$ 145,947	$ 51,584	$ 64,771
Accounts receivable (including related party) (Note 10 and 33)	$ 561,647	$ 463,994	$ 656,814

(3) Revenue breakdown from customer contracts

	2021	2020
Major merchandise		
Long- and short-staple fibers	$ 3,867,747	$ 2,936,390
Others	1,865	69,250
	$ 3,869,612	$ 3,005,640

26. Net income (loss) before tax

(1) Other income and loss, net

	2021	2020
Net income on disposal of property, plant and equipment	$ 44,368	$ 6

(2) Interest income

	2021	2020
Bank deposits	$ 9,497	$ 32,169
Capital loans and related party interest	8,356	8,078
Deposit settlement interest	19	33
	$ 17,872	$ 40,280

(3) Other income

	2021	2020
Government subsidy income	$ 13,384	$ 72,982
Rental income	11,656	7,171
Counseling fee income	8,467	5,548
Handling fee income	4,656	3,505
Income from sale of sample fabric	6,015	3,395
Income from sale of waste materials	2,695	2,062

Claims income	1,939	26
Fire insurance claims income	10,405	-
Others	23,225	26,864
	$ 82,442	$ 121,553

(4) Other benefits and losses

	2021	2020
Net loss on foreign currency exchange	($ 97,639)	($ 195,764)
Net loss on valuation of financial instruments at fair value through profit or loss	(7,212)	(23,795)
Income (loss) on disposal of subsidiaries	-	9,154
Others	(18,158)	(4,704)
	($ 123,009)	($ 215,109)

(5) Financial costs

	2021	2020
Interest on bank loans	$ 93,126	$ 101,023
Amortization of handling fees on syndicated loans	3,759	1,130
Interest on lease liabilities	230	406
Less: Amounts included in the cost of qualifying assets (included in property, plant and equipment and prepayments for equipment)	212	469
	$ 96,903	$ 102,090

Capitalization of interest relevant information as below:

	2021	2020
Capitalization of interest amount	$ 212	$ 469
Capitalization at interest rate	1.14%～1.82%	1.32%～1.68%

(6) Depreciation and amortization

	2021	2020
Property, plant and equipment	$ 115,418	$ 122,036
Intangible assets	-	93
Right-of-use assets	12,997	13,316
	$ 128,415	$ 135,445
Depreciation expense summarized by function		
Operation cost	$ 103,996	$ 112,717
Operation expense	24,419	22,635
	$ 128,415	$ 135,352
Amortization fee summarized by function		
Operation expense	$ -	$ 93

(7) Employee benefit expense

	2021	2020
Short-term employee benefits		
Payroll	$ 424,112	$ 385,527
Labor and health insurance fees	42,290	43,155
Remuneration to directors	6,907	4,151
Others	15,372	16,245
	488,681	449,078
Post-employment benefits		
Defined contribution plan	13,991	15,316
Defined benefit plan （Note 23）	1,129	2,151
	15,120	17,467
	$ 503,801	$ 466,545
Summary by function		
Operation cost	$ 319,321	$ 304,365
Operation expense	184,480	162,180
	$ 503,801	$ 466,545

(8) Remuneration to employees and directors

In accordance with the Company's Articles of Incorporation, the Company provides for employee remuneration and director remuneration at a rate of not less than 4% and not more than 3%, respectively, of the pre-tax benefit for the year before the distribution of employee and director remuneration.

The Company does not intend to contribute employees and directors' remuneration for the year 2020 as the Company's net loss before tax. 2021 employees and directors' remuneration were resolved by the Board of Directors on March 24, 2022, the resolution is as follows:

Estimated ratio

	2021
Remuneration to employees	4%
Remuneration to directors	1.5%

Amount

	2021
	Cash
Remuneration to employees	$ 7,061
Remuneration to directors	2,648

If there is any change in the amount after the adoption of the annual individual financial statements, the change in accounting estimate will be adjusted and recorded in the following year.

There is no difference between the actual amount of employees and directors' remuneration for fiscal years of 2020 and 2019 and the amount recognized in the individual financial statements for fiscal 2020 and 2019.

Please refer to the Market Observation Post System of the Taiwan Stock Exchange Corporation for information on the remuneration of employees and directors resolved by the Board of Directors of the Company.

(9) Foreign exchange income (loss)

	2021	2020
Total foreign exchange income	$ 13,592	$ 62,327
Total foreign exchange loss	(111,231)	(258,091)

Net loss	($ 97,639)	($ 195,764)

27. Income tax

(1) Income tax recognized in profit or loss and expenses and losses

Main items of income tax benefit are as follows:

	2021	2020
Current year income tax		
Adjustments to prior years	($ 194)	$ 3,950
Deferred income tax		
Current year occurred	(15,989)	(94,848)
	($ 16,183)	($ 90,898)

The reconciliation of accounting income to income tax benefit is as follows:

	2021	2020
Net income (loss) before tax	$ 166,805	($ 298,184)
Income tax expense (benefit) before income tax (net loss) at statutory tax rate	$ 33,361	($ 59,637)
Non-deductible expenses and losses for tax purposes	5,049	141
Non-additive income for tax purposes	-	(16,402)
Unrecognized temporary differences	(54,399)	(18,950)
Adjustments to current income tax expense in prior years	(194)	3,950
	($ 16,183)	($ 90,898)

(2) Income tax recognized in other comprehensive income

	2021	2020
Deferred income tax		
Current year occurred		
Conversion of	$ 14,447	$ 17,768

foreign operating institutions		
Remeasurement of defined benefit plan	2,392	(5,678)
	$ 16,839	$ 12,090

(3) Current tax assets and liabilities

	December 31, 2021	December 31, 2020
Income tax refund receivable (included in other current assets)	$ 5,637	$ 4,573
Income tax payable	$ 2,557	$ 2,557

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities as below:

2021

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized sales gross profit	$ 30,463	($ 1,641)	$ -	$ 28,822
Allowance for decline in value of inventories and obsolescence losses	22,108	1,698	-	23,806
Leave payable	739	827	-	1,566
Unrealized foreign exchange losses	34,173	5,062	-	39,235
Temporary differences				
Exchange differences from foreign operations	95,337	-	14,447	109,784
Allowance for doubtful accounts	8,889	562	-	9,451
Unallocated fixed manufacturing costs	3,140	(1,864)	-	1,276
Others	2,869	(617)	-	2,252
	197,718	4,027	14,447	216,192
Loss credit	49,695	11,458	-	61,153
	$ 247,413	$ 15,485	$ 14,447	$ 277,345
Deferred tax liabilities				
Temporary differences				
Property, plant and equipment	$ 33,919	($ 4,689)	$ -	$ 29,230
Net confirmed welfare assets	2,904	4,185	(2,392)	4,697
	$ 36,823	($ 504)	($ 2,392)	$ 33,927

2020

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized sales gross profit	$ 32,625	($ 2,162)	$ -	$ 30,463
Allowance for decline in value of inventories and obsolescence losses	12,168	9,940	-	22,108
Leave payable	1,204	(465)	-	739
Net defined benefit liabilities	4,446	1,232	(5,678)	-
Unrealized foreign exchange losses	9,054	25,119	-	34,173
Exchange differences from foreign operations	77,569	-	17,768	95,337
Allowance for doubtful accounts	1,885	7,004	-	8,889
Unallocated fixed manufacturing costs	227	2,913	-	3,140
Others	423	2,446	-	2,869
	139,601	46,027	12,090	197,718
Loss credit	-	49,695	-	49,695
	$ 139,601	$ 95,722	$ 12,090	$ 247,413
Deferred tax liabilities				
Temporary differences				
Property, plant and equipment	$ 35,949	($ 2,030)	$ -	$ 33,919
Net confirmed welfare assets	-	2,904	-	2,904
	$ 35,949	$ 874	$ -	$ 36,823

(5) The amount of deductible temporary differences and unused loss credit for deferred income tax assets were not recognized in the consolidated balance sheet.

	December 31, 2021	December 31, 2020
Loss credit		
Expire in 2030	$ 218,643	$ 248,473
Expire in 2031	144,000	-
	$ 362,643	$ 248,473

(6) Summary of temporary differences associated with investments and not recognized as deferred income tax liabilities amount.

For the years ended December 31, 2021 and 2020, the taxable temporary differences related to investment in subsidiaries not recognized as deferred income tax liabilities amounted to $2,261,227,000 and $1,898,201,000, respectively.

(7) Income tax assessments

The income tax returns of the Company through 2018 have been assessed by the tax authorities.

28. Earnings per share (net loss)

The net income and weighted average number of common stock outstanding that were used in the computation the net income (net loss) of earnings per share (net loss) were as follows:

Net income (net loss) for the current period

	2021	2020
Net income (net loss)	$ 182,988	($ 207,286)

Shares

Unit: 1,000 shares

	2021	2020
Weighted average number of shares outstanding	384,566	384,566
Weighted-average number of shares in treasury stock - Parent company shares held by subsidiaries	-	(642)
Weighted-average number of shares of common stock used in the basic earnings per share calculation	384,566	383,924
Effect of dilutive potential common stock:		
Employees' remuneration	450	-
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share	385,016	383,924

If the Company has the option to pay employees in stock or cash, the calculation of diluted earnings per share assumes that employee compensation will be paid in stock and is included in the weighted-average number of common shares outstanding for the purpose of calculating diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares will continue to be considered in the calculation of diluted earnings per share prior to the issuance of employee compensation shares in the following year.

The Company's net loss for 2020 is based on the fact that the effect of the potential dilutive effect of employee compensation on common stock is not included in the calculation of diluted net loss per share.

29. Disposal of investment in the subsidiary – loss of control power

On June 19, 2020, the Company's Board of Directors approved the sale of Lucky Unique Enterprise Co., Ltd. to an unrelated party for $195,227,000 ($13.7 per share, net of securities transaction tax of $587,000), and the closing of the equity transfer was completed on July 8, 2020; therefore, the Company lost control over Lucky Unique Enterprise Co., Ltd. Please refer to Note 32 of the Company's 2021 Consolidated Financial Statements for a description of the disposal of Lucky Unique Enterprise Co., Ltd.

30. Non-cash transactions

The Company has the following non-cash transaction investments in 2021 and 2020:

(1) Acquisition of property, plant and equipment

	2021	2020
Investing activities affecting both cash and non-cash items		
Increase in property, plant and equipment	$ 40,446	$ 47,929
Increase in payables for equipment and notes payable	(4,969)	(995)
Cash paid for property, plant and equipment	$ 35,477	$ 46,934

(2) Disposal of property, plant and equipment

	2021	2020
Investing activities affecting both cash and non-cash items		
Proceeds from disposal of property, plant and equipment	$ 51,076	$ 1,536
Decrease (Increase) in other receivables (including related parties)	(70)	7,878
Cash received from property, plant and equipment	$ 51,006	$ 9,414

31. Capital risk management

Due to the need to maintain adequate capital to support the upgrading of plant and equipment, the Company will be required to maintain adequate capital. Therefore, the capital management of the Company is to ensure that the necessary financial resources and operating plans are in place to meet the future needs of working capital, capital expenditure, research and development expenses, debt repayment and dividend payment.

32. Financial instruments

(1) Fair value information – financial instruments not measured at fair value

The carrying amount of the Company's financial instruments not measured at fair value are reasonable approximations of their fair value, such as cash, current financial assets at amortized costs, accounts receivable (including related parties), other accounts receivable (including related parties), refundable deposits, short-term loans, short-term notes and bills payable, accounts payable (including related parties), other accounts payable (including related parties) and long-term loans (including maturity date within one year)

(2) Fair value information - financial instruments measured at fair value on a recurring basis

1. Levels of fair value

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficiary certificates	$ 8,914	$ -	$ -	$ 8,914
Financial assets measured at fair value through other comprehensive gains and losses-current				
Listed companies stocks	$ 2,556	$ -	$ -	$ 2,556
Financial assets at fair value through other comprehensive income-non-current				
Investment in equity instruments				
－Private placement of stocks in domestic listed companies	$ -	$ 28,689	$ -	$ 28,689
Financial liabilities at fair value through profit or loss				
Derivatives - Foreign exchange rate swap contract	$ -	$ 120	$ -	$ 120

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficiary certificates	$ 9,387	$ -	$ -	$ 9,387
Financial assets at fair value through other comprehensive income-non-current				
Investment in equity instruments				

－Private placement of stocks in domestic listed companies	$ -	$ 56,222	$ -	$ 56,222
Financial liabilities at fair value through profit or loss				
Derivatives - Foreign exchange rate swap contract	$ -	$ 18,919	$ -	$ 18,919

There were no transfers between Level 1 and Level 2 fair value measurements in 2021 and 2020.

2. Level 2 fair value valuation techniques and inputs

Type of financial instruments	Valuation techniques and inputs
Derivatives - Foreign exchange rate swap contract	The discounted cash flow method: The future cash flows are estimated based on the observable forward exchange rate and the contracted foreign exchange rate at the end of the period and are discounted at a rate that reflects the credit risk of each counter party.
Domestic listed companies private placement of shares	Evaluated by the B-S option pricing model, based on the underlying price, option performance price, risk-free interest rate, historical volatility of the underlying and the maturity period.

(3) Type of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Mandatory measurement at fair value through profit or loss	$ 8,914	$ 9,387
Financial assets at amortized cost (Note 1)	4,224,652	4,130,871
Financial assets at fair value through other comprehensive income	31,245	56,222
Financial liabilities		
Financial liabilities at fair	120	18,919

value through profit or loss / held for trading		
At amortized cost (Note 2)	9,452,939	8,843,588

Note 1: The balance includes cash, notes and accounts receivable (including related parties), other receivables (including related parties), financial assets carried at amortized cost (both current and non-current) and refundable deposits, and other financial assets carried at amortized cost.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables (including related parties), long-term bank loans (including those due within one year) and guarantee deposits.

(3) Financial risk management objectives and policies

The Company's major financial instruments include investments in equity and debt instruments, receivables, payables, lease liabilities and borrowings. The Company's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks associated with The Company's operations through internal risk reporting that analyzes risk exposures based on the level and breadth of risk. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Company mitigates the effects of these risks by hedging the risk through derivative financial instruments. The use of derivative financial instruments is governed by the policies adopted by The Company's board of directors, which are the written principles for exchange rate risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity. Internal auditors review compliance with the policy and the amount of risk exposure on an ongoing basis. The Company does not trade in financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The main financial risks to which The Company is exposed as a result of its operating activities are foreign currency exchange rate risk (see (1) below), interest rate risk (see (2) below), and other price risk (see (3) below).

The Company engages in various derivative financial instruments to manage its exposure to foreign currency exchange rate risk, including exchange rate swap contracts to hedge the exchange rate risk arising from foreign sales of goods.

There is no change in The Company's exposure to market risk of financial instruments and its management and measurement of such exposure.

(1) Exchange rate risk

The Company engages in foreign currency-denominated sales and import transactions and foreign currency borrowings, which expose The Company to exchange rate risk. The carrying amounts of The Company's monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been eliminated in the Consolidated Financial Statements) are described in Note 37.

Sensitivity analysis

The Company is primarily affected by fluctuations in the U.S. dollar exchange rate.

The following Schedule details the sensitivity analysis of the Company when the functional currency strengthens or weakens by 1% against the U.S. dollar. The sensitivity analysis includes only foreign currency items in circulation. A positive number in the Schedule below represents the amount by which pre-tax income would increase if the functional currency weakened by 1% relative to the U.S. dollar; a negative number in the same amount would affect pre-tax income if the functional currency strengthened by 1% relative to the U.S. dollar.

	2021	2020
Income	$ 35,542	$ 36,535

This was mainly due to the Company's cash denominated in U.S. dollars, financial assets measured at amortized cost, receivables, other receivables, payables, other payables and borrowings that were outstanding and not cash flow hedged at the balance sheet date.

The decrease in the Company's sensitivity to foreign exchange rates during the year was mainly due to the decrease in the Company's net assets denominated in U.S. dollars.

(2) Interest rate risk

Interest rate risk arises because individuals in the Company borrow funds at both fixed and floating interest rates. The Company manages interest rate risk by maintaining an appropriate mix of fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
Financial assets	$ 3,250,182	$ 3,233,654
Financial liabilities	2,741,655	2,932,914
Cash flow interest rate risk		
Financial assets	109,256	224,067
Financial liabilities	6,058,952	5,490,655

Sensitivity analysis

As 1% increase in interest rates would decrease the Company's income before income taxes by NT$59,497,000 and NT$52,666,000 for 2021 and 2020, respectively, with all other variables held constant.

The Company's sensitivity to interest rates increased during the year mainly due to the increase in variable rate debt instruments.

(3) Other price risk

The Company's equity price risk arising from its investment in domestic listed stocks is not material.

2. Credit risk

Credit risk refers to the risk of financial loss resulting from the default of the counter-parties to the contracts. As of the balance sheet date, the Company's maximum exposure to credit risk, which may result from the counter-parties' default on their obligations and the Company's provision of financial guarantees, is mainly due to:

(1) The carrying amount of financial assets recognized in the individual balance sheets.

(2) The maximum amount that the Company may be required to pay as a result of providing financial guarantees, regardless of the likelihood of occurrence.

The Company's counter-parties are all creditworthy organizations and are not expected to have significant credit risk. The Company also evaluates the financial position of its accounts receivable customers on an ongoing basis.

Total accounts receivable with significant concentrations of credit risk are as follows:

	December 31, 2021		December 31, 2020	
	Amount	Ratio	Amount	Ratio
SINTEX INTERNATIONAL LTD.	$ 86,540	17%	$ 141,518	36%
SHANTA INDUSTRIES LTD.	81,748	16%	5,205	1%

3. Liquidity risk

The Company manages and maintains sufficient cash to support its operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of banking facilities and ensures compliance with the terms of borrowing contracts.

The Company's working capital and banking facilities obtained are sufficient to meet future operating requirements and therefore there is no

liquidity risk that the Company will not be able to raise funds to meet its contractual obligations.

(1) Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company could be required to make repayment. Accordingly, the Company's bank loans that are repayable on demand are listed in the table below at the earliest possible date, regardless of the probability that the bank will immediately enforce the right; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the curve of the yield rate at the balance sheet date.

December 31, 2021

	Less than 6 months	6 months to 1 year	1 to 9 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 657,026	$ 158	$ 3,692
Lease liabilities	4,536	2,422	1,658
Floating rate instruments	4,165,583	117,951	1,943,528
Fixed rate instruments	726,598	16,598	2,089,205
Financial guarantee liabilities	1,149,652	273,264	678,160
	$ 6,703,395	$ 410,393	$ 4,716,243

Further information on the maturity analysis of lease liabilities is as

	Less than 1 year	1 to 3 years
Lease liabilities	$ 6,958	$ 1,658

December 31, 2020

	Less than 6 months	6 months to 1 year	1 to 9 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 440,845	$ -	$ 2,587
Lease liabilities	7,145	7,145	9,453
Floating rate instruments	4,671,722	71,777	843,004
Fixed rate instruments	728,140	194,140	2,091,584
Financial guarantee liabilities	1,209,350	-	376,648
	$ 7,057,202	$ 273,062	$ 3,323,276

Further information on the maturity analysis of lease liabilities is as

	Less than 1 year	1 to 3 years
Lease liabilities	$ 14,290	$ 9,453

The floating rate instrument amount of the above non-derivative financial assets and liabilities will be different from the interest rate estimated at the balance sheet date due to the floating rate.

(2) Liquidity and interest rate risk of derivative financial liabilities

The liquidity analysis of derivative financial instruments is based on total undiscounted cash inflows and outflows for derivative instruments with gross settlement. When the amounts payable or receivable are not fixed, the disclosed Amounts are determined based on the projected interest rates derived from the yield rate curve at the balance sheet date.

December 31, 2021

	1 to 3 months	4 to 6 months	Total
Total settlement			
Exchange rate swap contract			
Flow-in	$ 440,296	$ 111,683	$ 551,979
Flow-out	(442,586)	(109,513)	(552,099)
	($ 2,290)	$ 2,170	($ 120)

December 31, 2020

	1 to 3 months	4 to 6 months	Total
Total settlement			
Exchange rate swap contract			
Flow-in	$ 116,872	$ 453,016	$ 569,888
Flow-out	(120,805)	(468,002)	(588,807)
	($ 3,933)	($ 14,986)	($ 18,919)

33. RELATED PARTIES' TRANSACTIONS

Except as disclosed in other notes, the transactions between the Company and its related parties are as follows:

(1) Names of related parties and their relationships

Name of related party	Relationship with the Company
BEST ALLIANCE INTERNATIONAL LIMITED	Subsidiary
DE LICACY (SAMOA) HOLDINGS CO., LTD.	Subsidiary
View Best Global Limited	Subsidiary
Total Express Ltd.	Subsidiary
CHADTEX INDUSTRIAL CO., LTD.	Subsidiary

Name of related party	Relationship with the Company
Hangzhou De Licacy Company	Subsidiary
DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Subsidiary
EDEN ROAD INTERNATIONAL LTD.	Subsidiary
DE SHEN (CAYMAN) HOLDINGS CO., LTD.	Subsidiary
New Lake Ltd.	Subsidiary
Vietnam De Licacy Industrial Company	Subsidiary
Futures Co., Ltd.	Subsidiary
Bright Wisdom Ltd.	Subsidiary
De Licacy BVI Holdings Co.	Subsidiary
De Hong Company	Subsidiary
De Hong (Vietnam) Company	Subsidiary
BEAUTY PLUS VENTURES LIMITED	Subsidiary
Lucky Unique Enterprise Company	Affiliated company (Note 1)
Tung Ming Textile Co., Ltd.	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)

E TEXTILE CO., LTD.	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)
De Kao Trading Co., Ltd.	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)
Full Vision Enterprise Co., Ltd.	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)
Jei Jom Enterprise Co., Ltd.	Subsidiary of joint venture Era Nouveau International Co., Ltd.
Future Tycoon Holdings Co., Ltd.	The special assistant to the Chairman of the Company is a director of the Company (Note 2)
Fuson International Co., Ltd.	The Chairman is a director of the company
De Yang Co., Ltd.	The Chairman is a director of the Company
Sheng-Bo Technology Corp.	The Chairman is a director of the Company
DNG Energy Inc.	The Chairman is the same person

Note 1: A subsidiary of the Company until July 8, 2020.

Note 2: The General Manager of the Company is a director of the company until July 26, 2020.

(2) Operation income

Item	Type/Name of related party	2021	2020
Sales income	Subsidiary	$ 308,626	$ 205,487
	Affiliated company (Note 1)／Lucky Unique Enterprise Company	588,951	293,918
	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)	101,002	30,505
	Subsidiary of joint venture Era Nouveau International Co., Ltd.	-	2,454
		$ 998,579	$ 532,364

The prices of sales to related parties are comparable to those of sales to non-related parties, and the terms of collection are 60 days after the end of the month, which are not materially different from those of non-related parties.

(3) Purchase

Type/Name of related party	2021	2020
Subsidiary／New Lake Ltd.	$ 500,344	$ 451,073
Subsidiary	1,948	108,303
Affiliated company (Note 1)	51,189	138,775
Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)	15,091	16,431
Subsidiary of joint venture Era Nouveau International Co., Ltd.	-	20,034
	$ 568,572	$ 734,616

The Company does not have comparable purchase prices for similar products from related parties, and the payment period is approximately one month for related parties and one to three months for non-related parties.

(4) Amounts due from related parties (excluding loans to related parties)

Item	Type/Name of related party	December 31, 2021	December 31, 2020
Notes receivable-related parties	Affiliated company (Note 1)／Lucky Unique Enterprise Company	$ 34,485	$ 21,394
	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)	18,146	3,357
	Subsidiary	343	401
		$ 52,974	$ 25,152
Accounts receivable-related parties	Affiliated company (Note 1)／Lucky Unique Enterprise Company	$ 29,794	$ 85,961
	Subsidiary／New Lake Ltd.	19,078	13,947
	Subsidiary	7,744	9,063
	Subsidiary of affiliated company	31,977	7,923

	Lucky Unique Enterprise (Note 1)		
		$ 88,593	$ 116,894
Other receivables-related parties	Subsidiary／New Lake Ltd.	$ 16,500	$ 685
	Subsidiary	3,820	9,791
	Affiliated company (Note 1)	1,206	1,568
	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)	80	34
	The special assistant to the Chairman of the Company is a director of the Company (Note 2)	942	866
		$ 22,548	$ 12,944

No guarantees have been received for amounts due from related parties in circulation, and no allowance for losses has been provided for amounts due from related parties in 2021 and 2020.

(5) Amounts due to related parties (excluding loans from related parties)

Item	Type/Name of related party	December 31, 2021	December 31, 2020
Notes payable-related parties	Affiliated company (Note 1)／Lucky Unique Enterprise Company	$ 18,009	$ 22,197
	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)／Tung Ming Textile Co., Ltd.	39,278	10,009
		$ 57,287	$ 32,206
Accounts payable-related parties	Subsidiary／New Lake Ltd.	$ 93,272	$ 43,685
	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)／Tung Ming	28,142	29,156

	Textile Co., Ltd.		
	Affiliated company (Note 1)／Lucky Unique Enterprise Company	21,444	8,134
	Subsidiary	1,276	2,896
		$ 144,134	$ 83,871
Other payables-related parties	Subsidiary／CHADTEX INDUSTRIAL CO., LTD.	$ 37,775	$ 16,098
	Affiliated company (Note 1)	44	-
	Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)	28	118
	Subsidiary	15	-
	The special assistant to the Chairman of the Company is a director of the Company (Note 2)	305	305
		$ 38,167	$ 16,521

The outstanding balance due to related parties is unsecured and will be settled in cash.

(6) Acquisition of property, plant and equipment

The Company purchased property, plant and equipment from Lucky Unique Enterprise Company in 2020 for NT$4,439,000.

(7) Disposal of property, plant and equipment

Type/Name of related party	Disposal proceeds		Gains on disposal	
	2021	2020	2021	2020
Subsidiary				
New Lake Ltd.	$ 1,575	$ 1,476	$ 58	$ 12
The special assistant to the Chairman of the Company is a director of the Company (Note 2)	-	60	-	3
	$ 1,575	$ 1,536	$ 58	$ 15

(8) Operating lease – for rent

Type/Name of related party	Rent objective	Leasing period
Affiliated company (Note 1)／Lucky Unique Enterprise Company	Plant	January 2021 to December 2023
Affiliated company (Note 1)／Lucky Unique Enterprise Company	Office	July 2020 to March 2023
Subsidiary／DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Office	April 2019 to March 2022
Subsidiary／Futures Co., Ltd.	Office	May 2020 to March 2022
Subsidiary of affiliated company Lucky Unique Enterprise	Office	May 2020 to June 2021
The Chairman is the same person	Office	April 2020 to February 2021
The Chairman is the same person	Plant roof (Note 3)	October 2017 to October 2037
The Chairman is a director of the Company	Plant roof (Note 3)	October 2017 to October 2037

Note 3: The Company leased the roof of the plant to related party for solar power generation at a rent of 7% of the sales revenue of the solar power system.

The total lease payments to be received in the future are summarized as follows:

Type/Name of related party	2021	2020
Affiliated company (Note 1)／Lucky Unique Enterprise Company	$ 9,859	$ 10,257
Subsidiary／DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	732	3,661
Subsidiary／Futures Co., Ltd.	206	1,033
Subsidiary of affiliated company Lucky	-	165

Unique Enterprise (Note 1)		
The Chairman is the same person	-	52
	$ 10,797	$ 15,168

Summary of leasing revenue as below:

Type/Name of related party	2021	2020
Subsidiary／DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	$ 2,929	$ 2,929
Subsidiary／Futures Co., Ltd.	826	551
Affiliated company (Note 1)／Lucky Unique Enterprise Company	7,282	2,429
Subsidiary of affiliated company Lucky Unique Enterprise Company (Note 1)	60	480
The Chairman is the same person	133	359
The Chairman is a director of the Company	368	366
	$ 11,598	$ 7,114

(9) Loans to related parties

Type/Name of related party	December 31, 2021	December 31, 2020
Other receivables-related parties		
Subsidiary		
Vietnam De Licacy Industrial Company	$ 160,544	$ 341,760
Total Express Ltd.	-	128,160
BEST ALLIANCE INTERNATIONAL LIMITED	-	74,048
	$ 160,544	$ 543,968
Interest income		
Subsidiary		
Vietnam De Licacy Industrial Company (1)	$ 6,606	$ 6,589

Total Express Ltd. (2)	1,235	944
BEST ALLIANCE INTERNATIONAL LIMITED (2)	515	545
	$ 8,356	$ 8,078
Interest rate (1)	2.8%	2.8%
Interest rate (2)	1.8%	1.8%

(10) Endorsement and guarantee for others

For the amount of guarantee provided by the Company for related parties, see Schedule 2.

(11) Other related party transactions

1. Processing fees

The Company pays processing fees to related parties, which are recorded as operating costs depending on the nature of the payment. There is no similar product finishing price for comparisons, and the payment term is open accounts one to three months.

Type of related party	2021	2020
Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)	$ 247,298	$ 200,882
Subsidiary	2,206	13,050
Affiliated company (Note 1)	107,236	2,678
	$ 356,740	$ 216,610

2. Manufacturing and operating expenses

The Company's expenses for purchasing samples from related parties, renting sample display rooms, dyeing and finishing factory lines and plants, paying commissions, and purchasing gifts were as follows:

Type/Name of related party	2021	2020
Subsidiary／	$ 188,699	$ 89,579

CHADTEX INDUSTRIAL CO., LTD. Affiliated company (Note 1)	770	35
Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)	1,285	1,353
The Chairman is a director of the Company	261	348
	$ 191,015	$ 91,315

3. Other income

The income from the sale of the Company's managed assets to related parties, income from counseling services and commissions were as follows:

Type/Name of related party	2021	2020
Subsidiary	$ 6,749	$ 7,100
Affiliated company (Note 1)	5,035	1,364
Subsidiary of affiliated company Lucky Unique Enterprise (Note 1)	127	-
Subsidiary of joint venture Era Nouveau International Co., Ltd.	-	2,348
The special assistant to the Chairman of the Company is a director of the Company (Note 2)	3,823	699
	$ 15,734	$ 11,511

(12) Remuneration to key management personnel

	2021	2020

Short-term employee benefits	$ 16,857	$ 16,483
Post-employment benefits	324	259
	$ 17,181	$ 16,742

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on the current year's operating results and the base of year-end bonuses paid in previous years.

34. PLEDGED ASSETS

The following assets of the Company have been provided as collateral for bank loans:

	December 31, 2021	December 31, 2020
Land	$ 266,446	$ 266,446
Buildings	113,423	138,997
Machinery	14,187	16,766
Pledged bank deposits (recorded as financial assets at amortized cost-current)	3,089,638	2,689,686
	$ 3,483,694	$ 3,111,895

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Except as mentioned in other notes, the Company’s significant commitments and contingencies as of the balance sheet date are as follows:

(1) As of December 31, 2021 and December 31, 2020, the Company had issued for the purchase of raw material and unused letter of credit balance of NT$8,932,000 and NT$61,717,000, respectively.

(2) The Company's unrecognized contractual commitments are as follows.

	December 31, 2021	December 31, 2020
Purchase of property, plant and equipment	$ 14,785	$ 12,802

(3) For the years ended December 31, 2021 and 2020, the Company provided NT$412,500,000 and NT$310,500,000, respectively, in guaranteed notes for the purchase of raw materials and to provide guarantees for borrowing lines from financial institutions.

36. OTHER MATTERS

The Company was affected by the global pandemic of COVID-19 and the impact in domestic recently, resulting in a significant decrease in operating revenue in 2020. In response to the impact of the epidemic, the Company has applied for salary and working capital subsidies from the government and received NT$69,554,000 in subsidies (see Note 26). With the ease of the epidemic, the Company's operation is gradually returning to normal functions.

37. INFORMATION ON FOREIGN CURRENCY ASSETS AND LIABILITIES WITH SIGNIFICANT IMPACTS

The following information is presented in the aggregate in foreign currencies other than the functional currency of each of the consolidated companies. Assets and liabilities denominated in foreign currencies that have a significant effect are as follows:

Unit: Foreign currency and thousands NT$

December 31, 2021

Foreign currency assets	Foreign currency	Foreign exchange rate	Carrying amount
Currency			
USD	$ 132,208	27.68 (USD：NTD)	$ 3,659,515
RMB	30,494	4.344 (RMB：NTD)	132,466
Foreign currency liabilities			
Currency			
USD	3,806	27.68 (USD：NTD)	105,349

December 31, 2020

Foreign currency assets	Foreign currency	Foreign exchange rate	Carrying amount
Currency			
USD	$ 130,325	28.48 (USD：NTD)	$ 3,711,644

Foreign currency liabilities			
Currency			
USD	2,043	28.48 （USD：NTD）	58,187

Foreign currency exchange gains and losses (realized and unrealized) with significant effect are as follows:

	2021		2020	
Currency	Foreign exchange rate	Net foreign exchange loss	Foreign exchange rate	Net foreign exchange loss
USD	27.834（USD：NTD）	$ 97,639	29.549（USD：NTD）	$ 195,764

38. MATTERS DISCLOSED IN THE NOTES

(1) Information on significant transactions

1. Loans of funds to others: see Schedule 1.
2. Endorsement and guarantee for others: see Schedule 2.
3. Year-end Marketable Securities Breakdown Statement: see Schedule 3.
4. Cumulative purchase or sale of market securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: see Schedule 4.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: see Schedule 5.
9. Derivative transactions: refer to Note 7.

(2) Information about the reinvestment business: see Schedule 6.

(3) Information of investments in China:

1. Name of the investee company in, main business items, paid-in capital, investment method, capital remittance, shareholding, investment gain or loss, closing balance of investment, repatriated investment gain or loss, and investment limit in China: see Schedule 7.
2. Significant transactions with the investee company in China, directly or indirectly through a third country, and the prices, terms of payment, and unrealized gains or losses:

(1) The balance and percentages of import amounts and related payables at the end of the period: see Schedule 8.

(2) Amounts and percentages of sales and related Receivables: see Schedule 8.

(3) Amount of property transactions and the amount of resulting gain or loss: None.

(4) End-of-period balance and purpose of guarantees or collaterals provided: see Schedule 2.

(5) Maximum balance, ending balance, interest rate range, and total current interest on financial instruments: see Schedule 1.

(6) Other transactions that have a significant effect on current income or financial position, such as the provision or receipt of labor services: None.

(4) Information on major shareholders: name, amount and percentage of shares held by shareholders with at least 5% ownership: see Schedule 9.

De Licacy Industrial Co., Ltd. and Subsidiaries

Loan of Funds to Others

For the year end 31 December of 2021

Schedule 1

(In Thousands of New Taiwan Dollars)

No.	Loan funded by	Loan recipients	Current accounts	Is a related party	Highest balance for the period	Closing balance	Actual expenditures	Interest rate range (%)	Nature of funds lending	Business transactions (Note 3)	Reasons of short-term financing funds	Allowance for bad debts	Collateral		Amount limit for individual funds lending (Notes 1 & 6)	Total limit of capital loan (Notes 2 & 6)
													Name	Value		
0	The Company	BEST ALLIANCE INTERNATIONAL LIMITED	Other receivables	Y	$ 74,191	$ -	$ -	1.8	Short-term financing	$ -	Operating revolving fund	$ -	None	$ -	$ 1,396,331	$ 1,861,774
	The Company	DE SHEN (CAYMAN) HOLDINGS CO., LTD.	Other receivables	Y	77,044	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	1,396,331	1,861,774
	The Company	Total Express Ltd.	Other receivables	Y	128,408	-	-	1.8	Short-term financing	-	Operating revolving fund	-	None	-	1,396,331	1,861,774
	The Company	Vietnam De Licacy Industrial Company	Other receivables	Y	342,420	249,120	160,544	2.8	Short-term financing	-	Operating revolving fund	-	None	-	1,396,331	1,861,774
1	DE LICACY (SAMOA) HOLDINGS CO., LTD.	Vietnam De Licacy Industrial Company	Other receivables	Y	175,518	174,384	174,384	2.8	Short-term financing	-	Operating revolving fund	-	None	-	1,148,609	1,531,479
	DE LICACY (SAMOA) HOLDINGS CO., LTD.	Apex Textile Co., Ltd.	Other receivables	Y	77,044	-	-	1.8	Short-term financing	-	Operating revolving fund	-	None	-	1,148,609	1,531,479
	DE LICACY (SAMOA) HOLDINGS CO., LTD.	New Lake Ltd.	Other receivables	Y	50,130	49,824	-	-	Short-term financing	-	Operating revolving fund	-	None	-	1,148,609	1,531,479
2	Hong Kong Eden Road Company	DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Other receivables	Y	2,853	-	-	-	Business transactions	3,886	—	-	None	-	85,886	113,220
	Hong Kong Eden Road Company	DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Other receivables	Y	19,975	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	82,000	109,334
	Hong Kong Eden Road Company	BEST ALLIANCE INTERNATIONAL LIMITED	Other receivables	Y	4,179	4,152	3,654	-	Short-term financing	-	Operating revolving fund	-	None	-	82,000	109,334
3	DE SHEN (CAYMAN) HOLDINGS CO., LTD.	Vietnam De Licacy Industrial Company	Other receivables	Y	418,200	415,200	415,200	2.5	Short-term financing	-	Operating revolving fund	-	None	-	911,721	1,215,628
	DE SHEN (CAYMAN) HOLDINGS CO., LTD.	Total Express Ltd.	Other receivables	Y	125,325	124,560	124,560	1.4	Short-term financing	-	Operating revolving fund	-	None	-	911,721	1,215,628
4	De Hong Company	De Hong (Vietnam) Company	Other receivables	Y	13,982	6,366	6,366	2.5	Short-term financing	-	Operating revolving fund	-	None	-	23,646	31,528
5	Hangzhou De Licacy Company	Apex Textile Co., Ltd.	Temporary payments	Y	109,425	-	-	5.1	Short-term financing	-	Operating revolving fund	-	None	-	514,150	685,534
	Hangzhou De Licacy Company	Apex Textile Co., Ltd.	Temporary payments	Y	153,195	-	-	4.15	Short-term financing	-	Operating revolving fund	-	None	-	514,150	685,534
	Hangzhou De Licacy Company	Apex Textile Co., Ltd.	Temporary payments	Y	130,320	130,320	43,471 (Note 4)	4.05	Short-term financing	-	Operating revolving fund	-	None	-	514,150	685,534
	Hangzhou De Licacy Company	Apex (Anqing) Textile Co., Ltd.	Temporary payments	Y	130,413 (Note 4)	130,320	130,413 (Note 4)	4.25	Short-term financing	-	Operating revolving fund	-	None	-	514,150	685,534
6	Apex Textile Co., Ltd.	Apex (Anqing) Textile Co., Ltd.	Accounts receivable	Y	87,540 (Note 4)	86,880	61,294 (Note 4)	5.1	Short-term financing	-	Operating revolving fund	-	None	-	93,785	125,047
7	Lucky Apex Ventures Limited	Apex (Anqing) Textile Co., Ltd.	Other receivables	Y	121,416	117,778	117,751	1.0	Short-term financing	-	Operating revolving fund	-	None	-	128,528	171,371
8	View Best Global Limited	Vietnam ATAGO Company	Other receivables	Y	7,990	-	-	2.5	Short-term financing	-	Operating revolving fund	-	None	-	5,304	7,072
9	BEST ALLIANCE INTERNATIONAL LIMITED	Hangzhou De Licacy Company	Temporary payments	Y	68,484	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	790,417	1,053,890
	BEST ALLIANCE INTERNATIONAL LIMITED	Hong Kong Eden Road Company	Temporary payments	Y	68,484	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	790,417	1,053,890
	BEST ALLIANCE INTERNATIONAL LIMITED	New Lake Ltd.	Other receivables	Y	66,840	66,432	66,432	-	Short-term financing	-	Operating revolving fund	-	None	-	790,417	1,053,890
10	New Lake Ltd.	Vietnam De Licacy Industrial Company	Other receivables	Y	292,713	290,640	290,640	2.5	Short-term financing	-	Operating revolving fund	-	None	-	387,439	387,439
11	CHADTEX INDUSTRIAL CO., LTD.	CHIA HER INDUSTRIAL CO., LTD. (Note 5)	Other receivables	Y	40,000	40,000	40,000	7	Short-term financing	-	Operating revolving fund	-	None	-	110,658	147,544

Note 1: Based on 30% of the net shareholders' equity of each lending company and the amount of business transactions in the previous year.

Note 2: Based on 40% of the net shareholders' equity of each lending company and the amount of business transactions in the previous year.

Note 3: Based on the amount of business transactions in the previous year.

Note 4: The difference between the announcement, and the announcement is the adjustment of foreign currency exchange gain or loss at the end of the period.

Note 5: CHIA HER INDUSTRIAL CO., LTD. is a significant investor to CHADTEX INDUSTRIAL CO., LTD.

Note 6: The ceiling on total loans to other is 40% of the Company net worth. Limits on loans granted for a single party:

(1) The total amount to one entity which has business transactions with the Company shall not exceed the total amount of the business transactions.

(2) For short-term financing needs, the amount available for financing of each entity shall not exceed 30% of the Company net worth.

(3) For those foreign subsidiaries in which the Company and their parent companies or the Company, directly or indirectly, owned 100% of their shares, the amount available for short-term financing needs is not limited to 40% of the Company net worth, but shall not exceed the total amount of the Company's net worth.

De Licacy Industrial Co., Ltd. and Subsidiaries

Endorsement and guarantee for others

For the year end 31 December of 2021

Schedule 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor and endorsements	Counter party of endorsements/guarantees		Limitation on amount of endorsements/guarantees for a specific enterprise (Note 1)	Highest balance for endorsements /guarantees during the period	Balance of endorsements /guarantees as of reporting date	Actual usage amount during the period	Property pledged for endorsements /guarantees (Amount)	Ratio of accumulated amounts of endorsements/guarantees to net worth of the latest financial statements (%)	Maximum amount for endorsements /guarantees (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of the parent company	Endorsements /guarantees to third parties on behalf of companies in Mainland China
		Name of Company	Relationship with the Company										
0	The Company	New Lake Ltd.	Subsidiary（Indirect shareholdings 100%）	$ 2,327,218	$ 1,012,993	$ 927,280	$ 501,626	$ -	20	$ 6,981,655	Y	N	N
	The Company	DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Subsidiary（Direct shareholdings 100%）	2,327,218	278,470	185,360	-	-	4	6,981,655	Y	N	N
	The Company	CHADTEX INDUSTRIAL CO., LTD.	Subsidiary（Direct shareholdings 55.06%）	2,327,218	80,000	80,000	40,000	-	2	6,981,655	Y	N	N
	The Company	EDEN ROAD INTERNATIONAL LTD.	Subsidiary（Indirect shareholdings 100%）	2,327,218	456,560	-	-	-	-	6,981,655	Y	N	N
	The Company	Vietnam De Licacy Industrial Company	Subsidiary（Indirect shareholdings 100%）	2,327,218	960,922	932,280	432,658	-	20	6,981,655	Y	N	N
	The Company	DE SHEN (CAYMAN) HOLDINGS CO., LTD.	Subsidiary（Indirect shareholdings 100%）	2,327,218	884,585	858,080	761,200	-	18	6,981,655	Y	N	N
	The Company	Apex Textile Co., Ltd.	Subsidiary（Indirect shareholdings 53.22%）	2,327,218	207,383	184,620	162,344	-	4	6,981,655	Y	N	Y
	The Company	Hangzhou De Licacy Company	Subsidiary（Indirect shareholdings 100%）	2,327,218	452,060	293,320	48,440	-	6	6,981,655	Y	N	Y
	The Company	Apex (Anqing) Textile Co., Ltd.	Subsidiary（Indirect shareholdings 53.22%）	2,327,218	173,760	173,760	152,040	-	4	6,981,655	Y	N	Y
	The Company	Total Express Ltd.	Subsidiary（Indirect shareholdings 53.22%）	2,327,218	27,491	-	-	-	-	6,981,655	Y	N	N
	The Company	Hong Kong Eden Road Company	Subsidiary（Indirect shareholdings 100%）	2,327,218	334,200	332,160	2,768	-	5	6,981,655	Y	N	N

Note 1: Based on 50% of the total equity of the owners of each endorsing company.

Note 2: Based on 150% of the total equity of the owners of each endorsing company.

De Licacy Industrial Co., Ltd. and Subsidiaries

Year-end Marketable Securities Breakdown Statement

December 31, 2021

Schedule 3

(In Thousands of New Taiwan Dollars)

Name of holder	Type and name of marketable securities	Relationship with the Company	Account title	December 31, 2021				Footnote
				Unit/Share	Carrying amount	Percentage (%)	Fair value	
	Stocks							
The Company	Chia Her Industry Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	2,266,091	$ 28,689	2.019	$ 28,689	
The Company	NANTEX INDUSTRY CO., LTD.	None	Financial assets measured at fair value through other comprehensive gains and losses-current	30,000	2,556	0.006	2,556	
DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Hua Nan Financial Holdings Co., Ltd.	None	Financial assets at fair value through profit and loss-current	160,619	3,405	0.001	3,405	
CHADTEX INDUSTRIAL CO., LTD.	Chia Her Industry Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	6,123,232	77,520	5.46	77,520	
CHADTEX INDUSTRIAL CO., LTD.	TSRC Corporation	None	Financial assets measured at fair value through other comprehensive gains and losses-current	200,000	8,080	0.024	8,080	
CHADTEX INDUSTRIAL CO., LTD.	Far Eastern International Bank	None	Financial assets measured at fair value through other comprehensive gains and losses-current	3,661,116	39,357	0.104	39,357	
CHADTEX INDUSTRIAL CO., LTD.	CHING FENG HOME FASHIONS CO., LTD.	None	Financial assets measured at fair value through other comprehensive gains and losses-current	300,000	5,955	0.177	5,955	
CHADTEX INDUSTRIAL CO., LTD.	Cheng Loong Corp.	None	Financial assets measured at fair value through other comprehensive gains and losses-current	300,000	10,590	0.027	10,590	
CHADTEX INDUSTRIAL CO., LTD.	CHINA MOTOR CORPORATION	None	Financial assets measured at fair value through other comprehensive gains and losses-current	300,000	19,020	0.054	19,020	
CHADTEX INDUSTRIAL CO., LTD.	NANTEX INDUSTRY CO., LTD.	None	Financial assets measured at fair value through other comprehensive gains and losses-current	200,000	17,040	0.041	17,040	
CHADTEX INDUSTRIAL CO., LTD.	LANNER ELECTRONICS INC.	None	Financial assets measured at fair value through other comprehensive gains and losses-current	100,000	5,570	0.086	5,570	
CHADTEX INDUSTRIAL CO., LTD.	Chia Her Industry Co., Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses-current	110,000	1,699	0.098	1,699	
	Fund beneficiary certificates							
The Company	Hua Nan－Saudi Arabian National Oil Fund	None	Financial assets at fair value through profit and loss-current	285,000	8,914	-	8,914	

Note 1: The marketable securities mentioned in this Schedule refer to stocks, bonds, beneficiary certificates and marketable securities derived from the above items within the scope of IFRS 9 “Financial Instruments”.

Note 2: For information on investments in Subsidiaries, please refer to Schedule 6 and Schedule 7.

De Licacy Industrial Co., Ltd. and Subsidiaries

Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital

For the year end 31 December of 2021

Schedule 4

(In Thousands of New Taiwan Dollars)

Buying (selling) company	Trading partners	Relationship	Transactions				Circumstances and reasons of transaction conditions are different from general transactions		Notes and accounts receivable (payable)		Footnote
			Purchase (Sales)	Amount	Percentage of total purchase (sales) (%)	Credit period	Unit price (Note)	Credit period	Balance	Percentage of total receivables (payables) (%)	
The Company	New Lake Ltd.	Subsidiary	Purchase	$ 500,344	21	Open account 30-90 days	Not applicable	General open account 30-90 days	($ 93,272)	21	
The Company	New Lake Ltd.	Subsidiary	(Sales)	(233,281)	6	Open account 30-60 days	〃	General open account 30-60 days	19,078	3	
The Company	Lucky Unique Enterprise Company	Affiliated company	(Sales)	(588,951)	15	Open account 60 days	〃	General open account 30-60 days	64,279	9	
Hong Kong Eden Road Company	Thousand Well (Samoa) International Limited	Affiliated company	Purchase	504,110	55	Open account 90 days	〃	No general suppliers available for comparison	(80,055)	78	
Hangzhou De Licacy Company	Thousand Well (Samoa) International Limited	Affiliated company	(Sales)	(504,110)	24	Open account 90 days	〃	General open account 30-90 days	80,055	17	
Apex Textile Co., Ltd.	Total Express Ltd.	Affiliated company	(Sales)	(1,320,868)	78	Open account 90 days	〃	General open account 30-90 days	1,234	1	
New Lake Ltd.	Vietnam De Licacy Industrial Company	Affiliated company	(Sales)	(1,272,797)	44	Open account 90 days	〃	General open account 30-60 days	543,008	63	
New Lake Ltd.	Vietnam De Licacy Industrial Company	Affiliated company	Purchase	1,068,570	37	Open account 120 days	〃	General open account 30 days	(320,807)	81	
Apex Textile Co., Ltd.	Apex (Anqing) Textile Co., Ltd.	Affiliated company	Purchase	560,793	37	Open account 90 days	〃	General open account 30-90 days	(226,206)	55	

Note: The purchase price is not comparable to the general purchase price of similar products; the sales price is comparable to the general customers'.

De Licacy Industrial Co., Ltd. and Subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

December 31, 2021

Schedule 5

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate (%)	Overdue		Amounts due from related parties recovered in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Vietnam De Licacy Industrial Company	Subsidiary	$ 162,781	(Note 1)	$ -	—	$ -	$ -
Lucky Apex Ventures Limited	Apex (Anqing) Textile Co., Ltd.	Subsidiary	119,239	(Note 2)	-	—	-	-
DE SHEN (CAYMAN) HOLDINGS CO., LTD.	Vietnam De Licacy Industrial Company	Subsidiary	490,584	(Note 3)	-	—	-	-
DE SHEN (CAYMAN) HOLDINGS CO., LTD.	Total Express Ltd.	Affiliated company	125,248	(Note 2)	-	—	-	-
New Lake Ltd.	Vietnam De Licacy Industrial Company	Affiliated company	844,441	2.39 (Note 4)	-	—	122,765	-
Vietnam De Licacy Industrial Company	New Lake Ltd.	Affiliated company	320,807	3.52	-	—	156,935	-
Hangzhou De Licacy Company	Apex Textile Co., Ltd.	Affiliated company	191,027	0.49 (Note 5)	-	—	-	-
Hangzhou De Licacy Company	Apex (Anqing) Textile Co., Ltd.	Affiliated company	136,246	4.07 (Note 6)	-	—	4,741	-
DE LICACY (SAMOA) HOLDINGS CO., LTD.	Vietnam De Licacy Industrial Company	Affiliated company	176,852	(Note 2)	-	—	-	-
Apex (Anqing) Textile Co., Ltd.	Apex Textile Co., Ltd.	Affiliated company	226,206	4.32	-	—	140,561	-

Note 1: NT$162,635,000 are receivables from loans and interest on funds, and the rest are receivables from endorsement and guarantee fees, which are not included in the calculation of the turnover rate.

Note 2: All of them are receivables arising from capital loans and interest, which are not included in the calculation of the turnover rate.

Note 3: NT$417,219,000 are receivables arising from capital loans and interest; the rest of receivables are arising from the sale of property, plant and equipment, which are not included in the calculation of the turnover rate.

Note 4: NT$297,841,000 are receivables arising from capital loans and interest, and NT$3,592,000 are receivables arising from the sale of property, plant and equipment, which are not included in the calculation of the turnover rate.

Note 5: NT$43,471,000 are receivables arising from capital loans, the rest of receivables are advance payments for the sale of investment properties and plant leasing, which are not included in the calculation of the turnover rate.

Note 6: NT$130,413,000 are receivables arising from capital loans and interest, which are not included in the calculation of the turnover rate.

De Licacy Industrial Co., Ltd. and Subsidiaries

Information of the Invested Company, Location ... and Other Related Information

For the year end 31 December of 2021

Schedule 6

(In Thousands of New Taiwan Dollars)

(Except in USD)

Investor company name	Investee company name	Location	Major business scope	Original investment		Held at period-end			Investee income (loss) for the period	Recognized investment income (loss) (Note 1)	Footnote
				End of the current period	End of the last period	Shares	Percentage (%)	Carrying amount			
The Company	DE LICACY (SAMOA) HOLDINGS CO., LTD.	Samoa	General investment	$ 1,678,430	$ 1,622,785	54,604,382	100	$ 3,726,360	$ 299,697	$ 301,420	The difference is recognition of realized gains on disposal of investment property and (un)realized gain on disposal of property, plant and equipment
The Company	Lucky Unique Enterprise Company	Taiwan	Manufacture and processing of various fiber textile products	141,550	102,588	12,533,651	24.1	155,127	31,512	7,712	The difference is recognition of unrealized sales profit and loss
The Company	DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Taiwan	General import and export trade	59,878	59,878	5,500,000	100	24,271	(25,407)	(25,437)	The difference is recognition of effects among inter-group lease gains or losses
The Company	CHADTEX INDUSTRIAL CO., LTD.	Taiwan	Textile manufacturing, dyeing and finishing, and trading of various textile products	177,335	177,335	18,931,098	55.06	202,176	(11,906)	(7,188)	The difference is recognition of (un)realized sales profit and loss and gain on disposal of property, plant and equipment
The Company	De Licacy BVI Holdings Co.	British Virgin Islands	General investment	USD 108,040,000	USD 108,040,000	27,010	100	3,033,551	66,656	69,342	The difference is recognition of realized gain on dispossal of property, plant and equipment
The Company	View Best Global Limited	Samoa	General investment	USD 1,935,000	USD 2,475,000	1,935,000	100	17,681	(7,735)	(7,735)	
DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	EDEN ROAD INTERNATIONAL LTD.	British Virgin Islands	General import and export trade	16,710	-	639,000	100	12,673	(5,487)		
DE LICACY (SAMOA) HOLDINGS CO., LTD.	BEST ALLIANCE INTERNATIONAL LIMITED	British Virgin Islands	General investment	USD 42,900,000	USD 37,900,000	42,900,000	100	2,669,855	232,542		
DE LICACY (SAMOA) HOLDINGS CO., LTD.	Vantage Gain Holdings Limited	Samoa	General investment	USD 7,782,862	USD 6,501,742	7,782,862	73.33	182,333	(4,418)		
DE LICACY (SAMOA) HOLDINGS CO., LTD.	De Licacy Anguilla Company	Anguilla	General investment	USD 3,805,000	USD 5,005,000	3,805,000	100	9,396	(2,436)		
DE LICACY (SAMOA) HOLDINGS CO., LTD.	De Hong Company	Samoa	General investment	USD 1,800,000	USD 1,500,000	1,800,000	50	39,410	(4,861)		
DE LICACY (SAMOA) HOLDINGS CO., LTD.	New Lake Ltd.	Anguilla	General import and export trade	USD 6,100,000	USD 6,100,000	6,100,000	100	387,440	90,580		
DE LICACY (SAMOA) HOLDINGS CO., LTD.	BEAUTY PLUS VENTURES LIMITED	British Virgin Islands	General investment	USD 12,098,738	USD 11,920,238	12,098,738	85	331,979	(8,721)		
De Hong Company	De Hong (Vietnam) Company	Vietnam	Printing and finishing of various types of garments and cloths	USD 2,500,000	USD 2,500,000	-	100	61,751	1,638		
BEST ALLIANCE INTERNATIONAL LIMITED	EDEN ROAD INTERNATIONAL LTD.	British Virgin Islands	General import and export trade	-	1,700	-	-	-	(5,320)		
BEST ALLIANCE INTERNATIONAL LIMITED	Bright Wisdom Ltd.	Samoa	General investment	USD 14,902,500	USD 14,902,500	14,902,500	53.22	496,062	50,653		
BEST ALLIANCE INTERNATIONAL LIMITED	Hong Kong Eden Road Company	Hong Kong	General import and export trade	USD 50,000	USD 50,000	50,000	100	273,336	255,763		
Bright Wisdom Ltd.	Total Express Ltd.	Seychelles	International trade business	USD 1	USD 1	1	100	157,952	98,161		
Bright Wisdom Ltd.	Lucky Apex Ventures Ltd.	Samoa	General investment	USD 14,655,000	USD 14,655,000	14,655,000	100	428,428	3,750		
Bright Wisdom Ltd.	Futures Co., Ltd.	Taiwan	General import and export trade	10,000	10,000	1,000,000	100	9,439	(1,930)		
De Licacy BVI Holdings Co.	DE SHEN (CAYMAN) HOLDINGS CO., LTD.	Cayman Islands	General investment	USD 108,032,701	USD 108,032,701	108,032,700,860	100	3,039,071	66,689		
DE SHEN (CAYMAN) HOLDINGS CO., LTD.	Vietnam De Licacy Industrial Company	Vietnam	Printing, dyeing, finishing, garment manufacturing and trading of various textile and yarn materials	USD 114,660,489.5	USD 114,660,489.5	-	100	3,166,435	55,599		
Vantage Gain Holdings Limited	Perfect Step Ltd.	British Virgin Islands	General investment	USD 10,609,097	USD 8,862,037	10,609,097	20	248,679	(22,660)		
De Licacy Anguilla Company	New Premium Enterprise Co., Ltd.	Samoa	General investment	USD 3,800,000	USD 5,000,000	3,800,000	50	9,395	(5,143)		
View Best Global Limited	Vietnam ATAGO Company	Vietnam	Garment manufacturing and trading	USD 1,915,070	USD 1,915,070	-	30	17,207	(25,951)		
BEAUTY PLUS VENTURES LIMITED	Plentiful Praise Limited	British Virgin Islands	General investment	USD 14,023,848	USD 14,023,848	38	38	385,909	(22,804)		

Note 1: Only the amount of profit or loss recognized for each subsidiary directly invested by the Company and each investee company using the equity method shall be shown.

Note 2: Please refer to Schedule 7 (attached) for the information about China investee companies.

De Licacy Industrial Co., Ltd. and Subsidiaries

Investment Information in Mainland China

For the year end 31 December of 2021

Schedule 7

(In Thousands of New Taiwan Dollars)

(Except in USD)

Name of investee	Main business and products	Total amount of paid-in capital (Note 3)	Method of investment (Note 6)	Accumulated outflow of investment from Taiwan as of January 1, 2021 (Note 3)	Investment flows during the period		Accumulated outflow of investment from Taiwan as of December 31, 2021 (Note 3)	Net income (losses) of the investee	Percentage of ownership the Company (in)direct invested (%)	Net income (losses) in current period (Note 1)	Balance as of December 31, 2021 (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Hangzhou De Licacy Company	Production and sales of long and short fiber fabric processing and finishing	$ 1,162,560 (USD 42,000,000)	3.BEST ALLIANCE INTERNATIONAL LIMITED	$ 1,287,012 (Note 4) (USD 18,289,091 and $ 780,770)	$ -	$ -	$ 1,287,012 (Note 4) (USD 18,289,091 and $ 780,770)	($ 60,929)	100	($ 60,030) (Note 5)	$ 1,663,048	$ -
Apex Textile Co., Ltd.	Manufacture and sale of textile products and dyeing and finishing	359,840 (USD 13,000,000)	3.Bright Wisdom Ltd.	118,440 (USD 3,000,000 and $ 35,400)	-	-	118,440 (USD 3,000,000 and $ 35,400)	(49,330)	53.22	(26,253)	166,376	-
Shanghai De Licacy Company	General investment	1,529,320 (USD 55,250,000)	3.Sin Hao Company, Samoa Sin Young International Limited	56,744 (USD 2,050,000)	-	-	56,744 (USD 2,050,000)	-	14.67	-	38,183	-
Apex (Anqing) Textile Co., Ltd.	Manufacture and sale of various high-quality fabrics and textiles	287,872 (USD 10,400,000)	3.Lucky Apex Ventures Ltd.	287,872 (USD 10,400,000)	-	-	287,872 (USD 10,400,000)	2,249	53.22	1,197	164,535	-
Nantong De Licacy Company	Production and sales of long and short fiber fabric processing and finishing	138,400 (USD 5,000,000)	3.BEST ALLIANCE INTERNATIONAL LIMITED	-	138,400 (USD 5,000,000)	-	138,400 (USD 5,000,000)	-	100	-	138,486	-

Name	Accumulated investment in Mainland China as of December 31, 2021 (Note 3)	Investment amount authorized by the Investment Commission, MOEA (Note 3)	Investment quota in China according to the Investment Commission, MOEA
Hangzhou De Licacy Company	$ 1,287,012 (USD 18,289,091 and $ 780,770)	$ 1,287,012 (USD 18,289,091 and $ 780,770)	(Note 2)
Apex Textile Co., Ltd.	$ 118,440 (USD 3,000,000 and $ 35,400)	$ 118,440 (USD 3,000,000 and $ 35,400)	(Note 2)
Shanghai De Licacy Company	$ 56,744 (USD 2,050,000)	$ 347,384 (USD 12,550,000)	(Note 2)
Apex (Anqing) Textile Co., Ltd.	$ 287,872 (USD 10,400,000)	$ 442,880 (USD 16,000,000)	(Note 2)
Nantong De Licacy Company	$ 138,400 (USD 5,000,000)	$ 415,200 (USD 15,000,000)	(Note 2)

Note 1: Recognized based on the financial statements of the investee company audited by the parent company's certified public accountants in Taiwan during the same period.

Note 2: In accordance with the newly revised "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" dated August 29, 2018, the Company obtained the certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs on March 24, 2021, which conforms to the scope of operation of the Ministry of Manufacturing Operations, so the calculation of investment limit is not required.

Note 3: The related amount was translated at the Foreign Exchange Rate of NT$27.68 per USD at the end of the period.

Note 4: Including the recognition of De Yi Company's investment of NT$108,480,000 (USD3,919,091) in Hangzhou Deli by way of debt in proportion to its shareholding.

Note 5: The difference is the unrealized gain or loss on disposal of property, plant and equipment and investment of real property.

Note 6: (1) Investment in Mainland China through third-party remittance.

(2) Investment in Mainland China through a third-party company.

(3) Reinvestment in Mainland China through reinvestment in an existing company in a third region.

De Licacy Industrial Co., Ltd. and Subsidiaries

Significant transactions with China investees directly or indirectly through third regions, the prices, payment terms, and unrealized gains or losses

For the year end 31 December of 2021

Schedule 8

(In Thousands of New Taiwan Dollars)

Company	Transaction partner	Relationship with transaction partner	Transaction type	Amount	Trade term			Notes and accounts receivable (payable)		Unrealized income (loss)
					Price	Payment erm	Comparison with general transactions	Balance	Percentage (%)	
DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Hangzhou De Licacy Company	Affiliated company	Sales	$ 28,696	Trade at general price	Open account 120 days	No general customers to compare	$ 6,581	92	$ -
Hong Kong Eden Road Company	Hangzhou De Licacy Company	Affiliated company	Sales	21,712	Trade at general price	Open account 90 days	General customer open account 45-120 days	8,147	4	-
Hong Kong Eden Road Company	Hangzhou De Licacy Company	Affiliated company	Purchase	39,786	Trade at general price	Open account 90 days	No general customers to compare	(14,970)	15	-
Thousand Well (Samoa) International Limited	Hangzhou De Licacy Company	Affiliated company	Purchase	504,110	Trade at general price	Open account 90 days	No general customers to compare	(80,055)	100	-
Fastpower (Samoa) Limited	Hangzhou De Licacy Company	Affiliated company	Purchase	30,879	Trade at general price	Open account 90 days	No general customers to compare	(6,711)	100	-
Total Express Ltd.	Apex Textile Co., Ltd.	Affiliated company	Purchase	1,320,868	Trade at general price	Open account 90 days	No general customers to compare	(1,234)	100	-
New Lake Ltd.	Hangzhou De Licacy Company	Affiliated company	Sales	15,062	Trade at general price	Open account 75 days	No general customers to compare	13,032	2	-

De Licacy Industrial Co., Ltd.

Major Shareholders' Information

December 31, 2021

Schedule 9

Names of major shareholders	Shares	
	Shareholding (shares)	Shareholding ratio
Fu-Fa International Investment Co. Ltd.	31,268,067	8.13%
Fu-Hwa Investment Co. Ltd.	30,000,994	7.8%
Fuson International Trade Co. Ltd.	30,000,443	7.8%

Note 1: The information on major shareholders in this Schedule is based on the last business day of the quarter in which the shareholders held 5% or more of the Company's total common shares that have been delivered without physical registration. The share capital in the consolidated financial statements may differ from the actual number of shares delivered without physical registration due to differences in the basis of computation.

Note 2: The above information is revealed by the trustee's individual subaccount of the trust account opened by the trustee if the shareholder has delivered the shares to the trust. As for the shareholders' shareholding of more than 10% of insider shares reported under the Securities and Exchange Act, the shareholdings include the shareholdings of the shareholders plus the shares delivered to the trust and the shareholder has the right to decide the use of the trust property, etc. Please refer to the Market Observation Post system for the information on insiders' shareholding report.

De Licacy Industrial Co., Ltd. and Subsidiaries

Property, plant and equipment

For the Years Ended December 31 of 2021 and 2020

Schedule 10

(In Thousands of New Taiwan Dollars)

	Owned land	Land improvements	Buildings	Machinery equipment	Transportation equipment	Other equipment	Property in construction	Total
Costs								
Balance at 1 January 2020	$ 289,953	$ 11,310	$ 762,613	$ 1,345,605	$ 12,637	$ 384,133	$ 3,785	$ 2,810,036
Additions	4,022	-	1,248	11,795	490	13,056	17,318	47,929
Disposal	-	-	-	(7,588)	-	(2,875)	-	(10,463)
Reclassification	-	-	1,244	74,084	-	14,922	(19,514)	70,736
Balance at 31 December 2020	$ 293,975	$ 11,310	$ 765,105	$ 1,423,896	$ 13,127	$ 409,236	$ 1,589	$ 2,918,238
Accumulated depreciation and impairment								
Balance at 1 January 2020	$ -	$ 8,825	$ 504,166	$ 1,077,489	$ 11,741	$ 298,032	$ -	$ 1,900,253
Depreciation expenses	-	459	19,020	75,896	544	26,117	-	122,036
Disposal	-	-	-	(7,588)	-	(1,345)	-	(8,933)
Balance at 31 December 2020	$ -	$ 9,284	$ 523,186	$ 1,145,797	$ 12,285	$ 322,804	$ -	$ 2,013,356
December 31, 2020 net	$ 293,975	$ 2,026	$ 241,919	$ 278,099	$ 842	$ 86,432	$ 1,589	$ 904,882
Costs								
Balance at 1 January 2021	$ 293,975	$ 11,310	$ 765,105	$ 1,423,896	$ 13,127	$ 409,236	$ 1,589	$ 2,918,238
Additions	-	-	1,992	16,289	606	6,315	15,244	40,446
Disposal	-	-	(441)	(122,160)	(868)	(5,226)	-	(128,695)
Reclassification	-	-	4,003	8,756	-	4,137	(9,619)	7,277
Balance at 31 December 2021	$ 293,975	$ 11,310	$ 770,659	$ 1,326,781	$ 12,865	$ 414,462	$ 7,214	$ 2,837,266
Accumulated depreciation and impairment								
Balance at 1 January 2021	$ -	$ 9,284	$ 523,186	$ 1,145,797	$ 12,285	$ 322,804	$ -	$ 2,013,356
Depreciation expenses	-	458	19,004	69,173	499	26,284	-	115,418
Disposal	-	-	(441)	(116,969)	(868)	(3,709)	-	(121,987)
Balance at 31 December 2021	$ -	$ 9,742	$ 541,749	$ 1,098,001	$ 11,916	$ 345,379	$ -	$ 2,006,787
December 31, 2021 net	$ 293,975	$ 1,568	$ 228,910	$ 228,780	$ 949	$ 69,083	$ 7,214	$ 830,479

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De Licacy Industrial Co., Ltd.

Statement of Cash

December 31, 2021

Statement 1 (In Thousands of New Taiwan Dollars)

(Foreign Currency Expressed a Full Amount)

Item	Amount
Cash on hand, turnover	$ 410
Bank deposits	
Checks and demand deposits-NTD	131,097
Foreign currency demand deposits (Note)	87,060
	218,157
	$ 218,567

Note: USD3,145,205 (based on USD1=NTD27.68) and JPY2,212 (based on JPY1=NTD0.2405).

De Licacy Industrial Co., Ltd.

Statement of Financial Assets at Fair Value through Profit and Loss-Current

December 31, 2021

Statement 2 (In Thousands of New Taiwan Dollars)

(The Unit Price is Full Amount of NTD)

Name of financial product	Shares	Amount	Acquisition cost	Fair value		Provision of guarantees or pledges
				Unit price	Total amount	
Funds						
Hua Nan－Saudi Arabian National Oil Fund	285,000	$ 8,914	$ 10,000	$ 31.28	$ 8,914	None

De Licacy Industrial Co., Ltd.

Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income-Current

December 31, 2021

Statement 3 (In Thousands of New Taiwan Dollars)

(The Unit Price is Full Amount of NTD)

Name of financial product	Shares	Amount	Acquisition cost	Fair value		Provision of guarantees or pledges
				Unit price	Total amount	
Domestic listed companies stocks						
NANTEX INDUSTRY CO., LTD.	30,000	$ 2,556	$ 2,619	$ 85.2	$ 2,556	None

Note: Basis of fair value – the stock price of a listed company is the closing price at the balance sheet date.

De Licacy Industrial Co., Ltd.

Statement of Financial Assets at Amortized Cost-Current

December 31, 2021

Statement 4 (In Thousands of New Taiwan Dollars)

(Foreign Currency Expressed a Full Amount)

Item	Annual interest rate (%)	Period	Amount
Taiwan Dollar Demand Deposit			
Taiwan Cooperative Bank			$ 30,028
Foreign Currency Demand Deposit (Note 1)			
O-Bank			264,612
DBS Bank Limited			2,734
			267,346
Taiwan Dollar Time Deposit			
Mega Bank	0.07	2021.12.28～2022.01.28	8,000
Taiwan Cooperative Bank	0.09	2021.10.01～2022.03.01	13,500
			21,500
Foreign Currency Time Deposit (Note 2)			
E.Sun Commercial Bank Ltd.	2.65	2021.10.25～2022.01.25	66,239
O-Bank	2.6	2021.10.28～2022.01.28	66,226
			132,465
Foreign Currency Time Deposit (Note 3)			
O-Bank	0.25～0.37	2021.07.16～2022.06.09	829,486
DBS Bank Limited	0.14	2021.10.01～2022.01.01	83,040
Taishin Bank	0.22	2021.10.22～2022.01.21	96,880
First Commercial Bank	0.22	2021.11.27～2022.02.27	122,159
Hua Nan Commercial Bank	0.18～0.2	2021.10.20～2022.02.02	296,539
Mega Bank	0.18～0.2	2021.07.11～2022.06.25	149,472
Bank Sinopac Co., Ltd.	0.255～0.285	2021.11.03～2022.03.08	149,472
Entie Commercial Bank Ltd.	0.3～0.35	2021.10.25～2022.03.17	531,915
E.Sun Commercial Bank Ltd.	0.26	2021.12.28～2022.03.28	47,167
King's Town Bank	0.35～0.38	2021.10.29～2022.03.23	304,480

The Bank of East Asia Limited	0.13	2021.12.15～2022.03.15	27,689
			2,638,299
			$ 3,089,638

Note 1: USD9,658,445 (calculated based on USD1=NTD27.68).

Note 2: CNY30,493,954 (calculated based on CNY1=NTD4.344).

Note 3: USD95,314,261 (calculated based on USD1=NTD27.68).

De Licacy Industrial Co., Ltd.

Statement of Notes Receivable (including Related Parties)

December 31, 2021

Statement 5 (In Thousands of New Taiwan Dollars)

Company name	Amount
Non-related party	
JIUH SHUENN MACHINERY CO., LTD.	$ 51,975
GIANT TEXTILE ENTERPRISE CO., LTD.	11,745
WEI HSU CO., LTD.	4,752
SOUREX CO., LTD.	4,736
LUSHWORLD INDUSTRIAL CO., LTD.	5,115
Other (Note)	14,650
	$ 92,973
Related party	
Lucky Unique Enterprise Company	$ 34,485
Tung Ming Textile Co., Ltd.	16,176
Other (Note)	2,313
	$ 52,974

Note: The balance of each account included does not exceed 5% of the total amount of each subject.

De Licacy Industrial Co., Ltd.

Statement of Accounts Receivable-Net (including Related Parties)

December 31, 2021

Statement 6 (In Thousands of New Taiwan Dollars)

Company name	Amount
Non-related party	
SINTEX INTERNATIONAL LTD.	$ 86,540
SHANTA INDUSTRIES LTD.	81,748
Other (Note 1)	352,915
	521,203
Less: Allowance for doubtful accounts	48,149
	$ 473,054
Related party	
Lucky Unique Enterprise Company	$ 29,794
New Lake Ltd.	19,078
CHADTEX INDUSTRIAL CO., LTD.	7,321
De Kao Trading Co., Ltd.	21,478
Tung Ming Textile Co., Ltd.	9,445
Other (Note 2)	1,477
	$ 88,593

Note 1: The balance of each account included does not exceed 5% of the total accounts receivable. Of which, NT$32,366,000 was aged over 12 months and an allowance for loss of NT$32,366,000 was provided.

Note 2: The balance of each account included does not exceed 5% of the total accounts receivable-related parties.

De Licacy Industrial Co., Ltd.

Statement of Inventories

December 31, 2021

Statement 7 (In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Price (Note)
Finished goods	$ 942,075	$ 1,094,449
Work-in-progress	342,971	398,444
Raw materials	283,901	314,526
	$ 1,568,947	$ 1,807,419

Note: Market value is based on net realizable value.

De Licacy Industrial Co., Ltd.

Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income-Noncurrent

Year 2021

Statement 8

Unit: Share, In Thousands of NTD

Name	Beginning		Increase in the current period		Decrease in the current period (Note)		Ending		Accumulated loss	Provision of guarantees or pledges
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Fair value		
Chia Her Industry Co., Ltd. private equity	2,266,091	$ 56,222	-	$ -	-	$ 27,533	2,266,091	$ 28,689	Not applicable	None

Note: This is the valuation adjustment.

De Licacy Industrial Co., Ltd.

Statement of Changes in Investments by the Equity Method

Year 2021

Statement 9

(In Thousands of New Taiwan Dollars)

	Beginning balance		Increase (Decrease) in the year		本年度變動									Ending balance					
	Shares	Amount	Shares	Amount	Investment income (loss)	Unrealized profit and loss		Cash dividend	Capital surplus		Conversion difference in the conversion of financial statements of foreign operating institutions	Unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income	Actuarial gain or loss of defined benefits	Shares	Shareholding ratio (%)	Amount	Market value or net equity	Evaluation basis	Provision of guarantees or pledges
Investments using the equity method																			
De Licacy (Samoa) Holding Company	52,604,382	$ 3,393,211	2,000,000	$ 55,645	$ 301,420	$ -		$ -	($ 411)	(Note 1)	($ 23,505)	$ -	$ -	54,604,382	100	$ 3,726,360	$ 3,828,700	Equity method	None
Lucky Unique Enterprise Co., Ltd.	9,936,207	111,412	2,597,444	38,962	7,712	26		-	661	(Note 3)	(1,564)	(1,617)	(465)	12,533,651	24.10	155,127	155,127	〃	〃
De-Fa International Industrial Co., Ltd.	5,500,000	49,709	-	-	(25,437)	-		-	411	(Note 2)	-	-	(412)	5,500,000	100	24,271	24,258	〃	〃
Chadex Industrial Co., Ltd.	18,931,098	239,702	-	-	(7,188)	(67)	(Note 4)	(11,358)	-	(Note 3)	-	(18,913)	-	18,931,098	55.06	202,176	203,094	〃	〃
View Best Global Limited	2,475,000	41,053	(540,000)	(15,315)	(7,735)	-		-	-		(322)	-	-	1,935,000	100	17,681	17,681	〃	〃
De Licacy (BVI) Holdings Co.	27,010	3,012,615	-	-	69,342	-		-	-		(48,406)	-	-	27,010	100	3,033,551	3,039,073	〃	〃
		$ 6,847,702		$ 79,292	$ 338,114	($ 41)		($ 11,358)	$ 661		($ 73,797)	($ 20,530)	($ 877)			$ 7,159,166	$ 7,267,933		

Note 1: The decrease of NT$411,000 was due to the reorganization under common control.

Note 2: The increase of NT$1,234,000 in the capital increase of affiliated companies and the decrease of NT$573,000 in the reorganization under common control were not recognized in proportion to the shareholding.

Note 3: The increase of NT$411,000 was due to the reorganization under common control.

Note 4: Of which, NT$143,000 was realized from the disposal of property, plant and equipment.

De Licacy Industrial Co., Ltd.

Statement of Short-term Borrowings

December 31, 2021

Statement 10

(In Thousands of New Taiwan Dollars)

Bank name	Nature of borrowing	Amount	Contract period	Interest rate range (%)	Lines of credit	Pledge or Guarantee
First Commercial Bank	Credit loans	$ 221,153	2021.10.07～2022.03.15	1.35～1.40	$ 270,000	The Chairman of the Company is the guarantor.
The Shanghai Commercial & Savings Bank	〃	50,000	2021.12.20～2022.12.18	1.41	50,000	〃
JIH SUN INTERNATIONAL BANK	〃	50,000	2021.11.16～2022.02.16	1.40	50,000	〃
Taishin Bank	〃	75,000	2021.12.15～2022.01.14	1.3	75,000	〃
Bank of Taiwan	〃	50,000	2021.11.17～2022.02.15	1.25	100,000	〃
Bank Sinopac Co., Ltd.	〃	80,000	2021.12.23～2022.03.22	1.20	80,000	〃
Land Bank of Taiwan	〃	20,000	2021.10.18～2022.01.18	1.20	50,000	〃
Entie Commercial Bank Ltd.	〃	240,000	2021.12.27～2022.03.27	1.17	240,000	〃
Shin Kong Commercial Bank Co., Ltd.	〃	80,000	2021.12.27～2022.01.27	1.40	100,000	〃
DBS Bank Limited	〃	135,000	2021.10.08～2022.01.06	1.35	150,000	〃
Hua Nan Commercial Bank	〃	260,000	2021.12.15～2022.02.15	1.22	260,000	〃
The Bank of East Asia Limited	〃	150,000	2021.12.15～2022.01.14	1.31	300,000	〃
The Export-Import Bank of the Republic of China	〃	80,000	2021.02.01～2022.02.01	0.84	80,000	〃
Yuanta Commercial Bank Co., Ltd.	〃	150,000	2021.08.30～2022.02.24	1.33	150,000	〃
Taipei Fubon Bank	〃	97,000	2021.12.28～2022.03.28	1.42	100,000	〃
KGI Commercial Bank Co., Ltd.	〃	70,000	2021.11.25～2022.02.25	1.50	100,000	〃
E.Sun Commercial Bank Ltd.	〃	30,000	2021.12.17～2022.03.17	1.15	50,000	〃
Bank of Panshin	〃	50,000	2021.11.17～2022.02.15	1.43	50,000	〃
CHANG HWA BANK	〃	90,000	2021.12.15～2022.03.17	1.4	140,000	〃
		1,978,153				
Taishin Bank	Collateralized borrowing	86,000	2021.12.15～2022.01.14	1.00	100,000	Time deposits
Hua Nan Commercial Bank	〃	265,000	2021.12.24～2022.01.24	1.14	265,000	〃
First Commercial Bank	〃	110,000	2021.11.26～2022.11.26	1.05	200,000	〃
DBS Bank Limited	〃	77,000	2021.10.08～2022.04.06	0.95	77,000	〃
Mega Bank	〃	215,000	2021.07.14～2022.05.20	1.10～1.20	330,000	〃
Bank Sinopac Co., Ltd.	〃	140,000	2021.12.23～2022.03.22	1.15	200,000	〃
E.Sun Commercial Bank Ltd.	〃	98,000	2021.10.06～2022.03.30	0.83	300,000	〃
Taiwan Cooperative Bank	〃	300,000	2021.12.27～2022.12.27	1.4	300,000	〃
Entie Commercial Bank Ltd.	〃	476,000	2021.10.25～2022.03.17	0.85	600,000	〃
King’s Town Bank	〃	270,000	2021.10.29～2022.03.23	0.34～0.36	553,600	〃
The Bank of East Asia Limited	〃	24,500	2021.12.15～2022.01.14	1.10	150,000	〃
		2,061,500				
		$ 4,039,653				

De Licacy Industrial Co., Ltd.

Statement of Short-term Notes Payable

December 31, 2021

Statement 11

(In Thousands of New Taiwan Dollars)

Guarantee or Acceptance agency	Period	Discount rate (annual) (%)	Amount		
			Issuing Amount	Unamortized ticket discount	Carrying amount
Grand Bills Finance Corp.	2021.12.30～2022.01.17	0.500	$ 50,000	($ 12)	$ 49,988
Taiwan Cooperative Bills Finance Corp.	2021.12.17～2022.02.15	0.902	100,000	(114)	99,886
China Bills Finance Corp.	2021.12.10～2022.01.07	0.400	50,000	(4)	49,996
Mega Bills Finance Co. Ltd.	2021.12.28～2022.02.24	0.852	50,000	(64)	49,936
Dah Chung Bills Finance Corp.	2021.12.17～2022.01.13	0.850	50,000	(15)	49,985
Da Ching Bills Finance Corp.	2021.11.02～2022.01.04	1.040	50,000	(6)	49,994
Taiwan Finance Corp.	2021.11.05～2022.02.18	1.000	50,000	(47)	49,953
International Bills Finance Corp.	2021.12.16～2022.02.14	0.650	50,000	(40)	49,960
O-Bank	2021.12.14～2022.03.14	0.27	260,000	(187)	259,813
			$ 710,000	($ 489)	$ 709,511

De Licacy Industrial Co., Ltd.

Statement of Notes Payable (including Related Parties)

December 31, 2021

Statement 12 (In Thousands of New Taiwan Dollars)

Company name	Amount
Non-related party	
Rui Chong Limited	$ 10,689
Farsmart Co., Ltd.	8,977
SUN WAN INTERNATIONAL CO., LTD.	13,413
TIP TOP ADVANCED MATERIALS CO., LTD.	9,242
Other (Note)	95,526
	$ 137,847
Related party	
Lucky Unique Enterprise Company	$ 18,009
Tung Ming Textile Co., Ltd.	39,278
	$ 57,287

Note: The balance of each account included does not exceed 5% of the total notes payable.

De Licacy Industrial Co., Ltd.

Statement of Accounts Payable (including Related Parties)

December 31, 2021

Statement 13 (In Thousands of New Taiwan Dollars)

Company name	Amount
Non-related party	
YI SHIN TEXTILE INDUSTRIAL CO., LTD.	$ 17,151
ZIG SHENG INDUSTRIAL CO., LTD.	7,104
Other (Note)	86,656
	$ 110,911
Related party	
New Lake Ltd.	$ 93,272
Tung Ming Textile Co., Ltd.	28,142
Lucky Unique Enterprise Company	21,444
Other (Note)	1,276
	$ 144,134

Note: The balance of each account included does not exceed 5% of the total amount of each subject.

De Licacy Industrial Co., Ltd.

Statement of Other Current Liabilities

December 31, 2021

Statement 14 (In Thousands of New Taiwan Dollars)

Item	Amount
Receipts in suspense	$ 54,202
Receipts in lieu	4,640
Other (Note)	1,726
	$ 60,568

Note: The individual balance included does not exceed 5% of total other current liabilities.

De Licacy Industrial Co., Ltd.

Statement of Long-term Loans

December 31, 2021

Statement 15

(In Thousands of New Taiwan Dollars)

Bank name	Summary	Ending balance	Expiry amount within 1 year	Amount over than 1 year	Contract period	Interest rate (%)	Pledge or Guarantee
The Export-Import Bank of the Republic of China	Collateralized borrowing	$ 10,667	$ 4,000	$ 6,667	2020.11.27～2024.08.15	0.63	Machinery
O-Bank	〃	1,041,000	-	1,041,000	2021.10.28～2023.10.13	1.02	Time deposits
The Export-Import Bank of the Republic of China	Credit loans	270,000	60,000	210,000	2017.01.19～2026.12.08	1.39～1.50	The Chairman of the Company is the guarantor.
O-Bank	〃	250,000	29,167	220,833	2019.05.22～2029.07.09	0.21	〃
Hua Nan Commercial Bank	〃	288,117	64,606	223,511	2019.08.20～2029.11.12	0.65～1.3	〃
Mega Bank	〃	95,833	25,000	70,833	2020.10.08～2025.10.08	1.39	〃
Land Bank of Taiwan	〃	70,000	14,228	55,772	2021.02.04～2026.02.04	1.55	〃
O-Bank (Lead bank of syndicated loan)	Syndicated loans	1,023,600	-	1,023,600	2021.10.22～2026.10.22	1.797	〃
O-Bank (Lead bank of syndicated loan)	Commercial paper guarantee for syndicated loans	998,907	-	998,907	2021.12.21～2022.03.21 (Note)	1.4905	〃
		4,048,124	197,001	3,851,123			
Less: Syndicated loans arrangement fee		5,225	-	5,225			
		$ 4,042,899	$ 197,001	$ 3,845,898			

Note: The loan contract of commercial paper guarantee for syndicated loans will be renew every 3 months.

De Licacy Industrial Co., Ltd.

Statement of Operating Revenues

Year 2021

Statement 16 (In Thousands of New Taiwan Dollars)

Item	Quantity	Amount
Sales income		
Finished fabric	42,236,000 yards	$ 3,507,167
Yarn and processed silk	2,512,000 kg	349,113
Garments and garment substrates	45,000 pieces	1,906
Dyeing auxiliaries, pulp and main materials	413,000 kg	16,655
		3,874,841
Processing revenue		25,871
		3,900,712
Less: Sales returns		
Finished fabric	93,000 yards	8,344
Garments	1,000 pieces	42
		8,386
Sales discount		22,714
Net amount		$ 3,869,612

De Licacy Industrial Co., Ltd.

Statement of Operating Costs

Year 2021

Statement 17 (In Thousands of New Taiwan Dollars)

Item	Amount
Beginning materials	$ 180,972
Add: Current year material imports	1,759,328
Less: Inventory valuation and obsolescence losses	1,198
Sale of raw materials	223,539
Ending raw materials	283,901
Transfer to research and development expenses	10,525
Transfer to manufacturing costs	52,816
Others	109
Direct raw material consumption	1,368,212
Direct labor	198,659
Manufacturing costs	807,667
Add: Processing costs	420,488
Less: Transfer to research and development expenses	3,383
Manufacturing costs	2,791,643
Add: Beginning work-in-progress	268,596
Current year purchases	3,506
Transfer of finished goods	2,353,939
Less: Inventory valuation and obsolescence losses	1,789
Inventory loss	1,778
Sale of work-in-progress	116,532
Ending work-in-progress	342,971
Transfer to manufacturing costs	1,470
Others	2,123
Cost of finished goods	4,951,021
Add: Beginning finished goods	922,188
Current year purchases	571,325
Less: Ending finished goods	942,075
Inventory loss	59
Transfer to work-in-progress	2,353,939
Transfer to marketing expenses	6,792
Transfer to research and development expenses	8,950
Inventory valuation and obsolescence losses	5,504
Others	1,311
Cost of production and sales	3,125,904
Cost of raw materials and work-in-process sold	340,072
Unallocated fixed manufacturing costs	22,495
Revenue from sale of scraps	(466)
Inventory loss	1,837
Loss on decline in value of inventories	8,491
Total operating costs	$ 3,498,333

De Licacy Industrial Co., Ltd.

Statement of Operation Expense

Year 2021

Statement 18 (In Thousands of New Taiwan Dollars)

	Summary	Marketing expense	Management expense	R&D expense	Expected credit impairment loss	Total
Payroll	Salaries, bonuses overtime fees and directors' remuneration, etc.	$ 37,537	$ 64,960	$ 52,859	$ -	$155,356
Shipping expenses	Land, sea and air freight expenses, etc.	84,761	261	154	-	85,176
Research fees	Product development expenses	-	-	30,815	-	30,815
Depreciation	Depreciation of property, plant and equipment and right-of-use assets	15,591	4,638	4,190	-	24,419
Export expenses	Inspection and testing fees, etc.	16,339	-	-	-	16,339
Professional service fees	Accountant's auditing fee and stock agency service fee	-	9,482	150	-	9,632
Expected credit loss		-	-	-	19,559	19,559
Other (Note)		52,218	39,034	34,769	-	126,021
		$206,446	$118,375	$122,937	$ 19,559	$467,317

Note: The amount of each item does not exceed 5% of the amount of this account.

De Licacy Industrial Co., Ltd.

Statement of Labor, Depreciation and Amortization by Function

Statement 19 (In Thousands of New Taiwan Dollars)

	2021			2020		
	Operation cost	Operation expense	Total	Operation cost	Operation expense	Total
Employee benefits						
Payroll	$ 275,663	$ 148,449	$ 424,112	$ 258,458	$ 127,069	$ 385,527
Labor and health insurance	26,885	15,405	42,290	27,649	15,506	43,155
Pension	7,919	7,201	15,120	9,052	8,415	17,467
Remuneration to directors	-	6,907	6,907	-	4,151	4,151
Other	8,854	6,518	15,372	9,206	7,039	16,245
	$ 319,321	$ 184,480	$ 503,801	$ 304,365	$ 162,180	$ 466,545
Depreciation	$ 103,996	$ 24,419	$ 128,415	$ 112,717	$ 22,635	$ 135,352
Amortization	-	-	-	-	93	93

Note: The number of employees for the current year and the previous year were 781 and 829, respectively, of which the number of directors who were not concurrent employees in 2021 and 2020 were 3 and 4, respectively.

(1) The average employee benefit expense for the year was NT$639,000 (“Total employee benefit expense for the year – Total amount of director’s remuneration” / “Number of employees for the year – Number of directors who are not concurrent employees”). The average employee benefit expense for the previous year was NT$560,000 (“Total employee benefit expense for the previous year – Total amount of director’s remuneration” / “Number of employees for the previous year – Number of directors who are not concurrent employees”).

(2) The average employee salary expense for the year was NT$545,000 (Total salary expense for the year / “Number of employees for the year – Number of directors who are not concurrent employees”). The average employee salary expense for the previous year was NT$467,000 (Total salary expense for the previous year / “Number of employees for the previous year – Number of directors who are not concurrent employees”).

(3) Change in average employee salary cost adjustment +17% (“Average employee salary cost for the current year – Average employee salary cost for the previous year” / Average employee salary cost for the previous year).

(4) The Company’s employee compensation policy is to provide employees with compensation and benefits that are above the industry average. Employee compensation includes monthly salaries (including special allowances, special expenses, production bonuses, etc. for performance and production results), bonuses for the three holidays (Spring Festival, Labor Day and Mid-Autumn Festival), and compensation based on the Company’s annual profitability (year-end bonuses). In accordance with Article 26 of the Company’s Articles of Incorporation, the Company shall set aside no less than 4% of the Company’s annual profit as employee compensation, and the amount and distribution method shall be recommended by the Remuneration Committee to the Board of Directors for approval. Employee compensation will be distributed at the mid-year or at the end of year, and the amount distributed is

determined according to each employee's position, contribution and performance.

(5) The Chairman, Vice Chairman and Managers (including managers who serve as directors) of the Company shall be paid monthly in accordance with the Salary Control Act. In the event of a salary increase or a change in position during their term of office that results in an increase in compensation or the payment of a year-end bonus, the Remuneration Committee shall consider the matter and submit it to the Board of Directors for a resolution. The Board of Directors shall recuse itself from voting on any resolution of compensation for itself and its related parties. In accordance with Article 26 of the Company's Articles of Incorporation, if the Company makes a profit in a year, the Board of Directors shall resolve to set aside not more than 3% of the remuneration of the directors. However, if the Company still has accumulated losses, the amount of compensation shall be reserved in advance and then the remuneration to the directors shall be provided in accordance with the aforementioned percentage.

(6) The remuneration for independent directors shall be NT$250,000 per year for each director, regardless of profit or loss.

(7) The Company has established an Audit Committee; there is no supervisor.