Stock Code: 1464

DE LICACY INDUSTRIAL CO., LTD.

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2021 Annual Report

May.10, 2022

Website for inquiry of annual report: http://mops.twse.com.tw

http://www.delicacy.com.tw/zh-tw/Investor/Shareholders/Stockholders' Meeting

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5. Name of the exchange of trading listed overseas securities and methods to inquire about the listed overseas securities: None.

6. Company's Website

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I. Letter to Shareholders

Ladies and gentlemen of the shareholders：Good day to you all!

Thank you to all shareholders for taking the time to attend the shareholders' meeting. We sincerely welcome and thank you for your interest and support.

Inthe year 2021, in addition to the easing of the coronavirus epidemic compared to 2020, the Company's operating income almost returned to the pre-epidemic level. However, due to the significant increase in raw material prices and shipping costs and the impact of the depreciation of the U.S. dollar, the annual net income was NT$196 million and EPS was NT$0.48.

1. Production and Sales Overview:

(1) Production: 14,371 thousand yards of staple fabrics were produced in 2021, a positive growth of 12.53% compared to 12,771 thousand yards in 2020; 154,427 thousand yards of long fiber fabrics were produced in 2021, a positive growth of 26.84% compared to 121,748 thousand yards in 2020.

(2) Sales: In 2021, sales of staple fabrics were 14,970 thousand yards, a positive growth of 20.35% compared to 2020, which was 12,439 thousand yards; sales of long fibers were 152,386 thousand yards, a positive growth of 35.69% compared to 2020, which was 112,305 thousand yards.

2.Operating situation:

Consolidated net operating revenues of NT$10,475,685 thousand for fiscal 2021 compared to NT$8,594,659 thousand for fiscal 2020, a positive growth of 21.89%. The consolidated net income of NT$195,922 thousand for 2021 grew 194.82% positive than the consolidated net loss of NT$206,633 thousand for 2020.

Looking forward to the operations in 2022, most of our customers have restarted their shipment momentum and our operations are gradually rejuvenating. In the year 2022, we will focus on the development of environmentally friendly, functional and fashionable products that meet the needs of the environment. We are actively working with upstream material manufacturers to develop new recycled materials and additives, and integrate our innovative technologies in false-twin, weaving, dyeing and finishing, and post-processing lamination and coating equipment to improve product quality and added value.We are working hard to transform our production technology.

Future Company Development Strategy

(1)Strengthen the interaction with brand customers and cooperate directly with final buyer to improve the sales volume andWe will actively grasp the main and potential customer groups (e.g. Aerobic exercise, OTC products, Sustainability products).

(2)Promote core products and strengthen theaccess to garment factories.

Long fiber products: elastic sports cloth, soluble yarn, brushed fabric.

Short-fiber products: elastic shirt fabric, flannel fabric, interwoven and post-dyed fabric.

(3)We are deeply involved in functional furniture fabric, apparel fabric, SPORT fabric and OUTDOOR fabric. The furniture fabric was emphasized in Mainland China, Northern Europe and Italy, with BVB yarn and wool yarn as the main sales; while the clothing market was emphasized in the top brands in North America and Europe, with sports, casual and fashion.

(4)We made more efforts to cultivate the existing distributors and strengthen the

development of new distributors (e.g., e-commerce brands) to expand the vast amount of incoming orders.

(5)Enhance R&D and innovation capabilities, strengthen product planning, improve quality, and accelerate the development of differentiated products (especially in response to the tariff exemptions in ASEAN-7 countries). Moreover, by participating in a large number of exhibitions and other activities, we are able to cultivate quick and flexible market responsiveness among our sales staff and R&D personnel.

(6)Dedicated to the research and development of leisure products and expansion of the sports and leisure market, we develop the latest materials such as: imitation knitted elastic fabric, Tencel cotton feel processing yarn, embossed appearance fabric material, wool feel processing yarn, high elasticity and high resilience elastic processing yarn, etc.

(7)In line with the world trend, and in compliance with environmental regulations, we will take the road of sustainable environment: The epidemic has also raised consumers' awareness on the importance of environmental protection and sustainability of sporting goods.

(8)Vietnam Deli Factory mainly: ① Strengthen cooperation with Vietnamese garment manufacturers and trading companies. We supply Vietnamese garment factories with short delivery time and fast service as our biggest advantage. ② Japanese company technical cooperation, the Japanese company send staff to the field of technology & quality control, to raise the level of the Vietnamese and Japanese customers in line with the requirements.

Influences from the external competitive environment, regulatory environment and general business environment

The Company's business is conducted in compliance with the relevant laws and regulations of domestic and overseas transfer countries, and the management team will continue to pay close attention to any changes in policies and laws that may affect the Company's financial and business operations. We will continue to promote our products and quality systems to meet the requirements of international regulations and obtain certifications to enhance the positive effects on our operations.

As we welcome the new year, we are confident that we will be able to emerge in the face of various difficult circumstances. We ask for the continued support and guidance of our shareholders and directors, and our management team will strive to move towards stable growth and create better performance.

Lastly, we wish all shareholders

good health and all the best

Chairman YEH,CHIA-MING

I. Business Report of the Previous Year (2021)

(1) Business Plan Implementation Results: Unit:; NT$1,000

Items \ Year	2021	2020	Increase (decrease)	Changes ratio %
Net sales revenue	10,313,762	8,407,460	1,906,302	22.67
Other operating revenue	161,923	187,199	(25,276)	(13.50)
Total operating revenue	10,475,685	8,594,659	1,881,026	21.89
Operating costs	8,871,900	7,350,952	1,520,948	20.69
Gross profit	1,603,785	1,243,707	360,078	28.95
(Un-) realized gain on sales	26	(26)	52	(200.00)
Realized operating margin	1,603,811	1,243,681	360,130	28.96
Sales and marketing	543,464	471,947	71,517	15.15
General and administrative	485,837	490,694	(4,857)	(0.99)
Research and development	230,732	208,459	22,273	10.68
The expected credit loss impairment	19,941	60,043	(40,102)	(66.79)
Total operating expenses	1,279,974	1,231,143	48,831	3.97
Other income and expenses	47,228	(9,383)	56,611	(603.34)
Operating net profit	371,065	3,155	367,910	11,661.17
Total non-operating income and expenses	(177,052)	(294,957)	117,905	(39.97)
Net income (loss) before income tax	194,013	(291,802)	485,815	(166.49)
Total income tax expense (income)	(1,909)	(85,169)	83,260	(97.76)
Current net income (loss)	195,922	(206,633)	402,555	(194.82)
Other comprehensive income (Income after tax)	(140,934)	(17,771)	(123,163)	693.06
Current total comprehensive income	54,988	(224,404)	279,392	(124.50)

Production and sales:

(1) Production: 14,371 thousand yards of staple fabrics were produced in 2021, a positive growth of 12.53% compared to 12,771 thousand yards in 2020; 154,427 thousand yards of long fiber fabrics were produced in 2021, a positive growth of 26.84% compared to 121,748 thousand yards in 2020.

(2) Sales: In 2021, sales of staple fabrics were 14,970 thousand yards, a positive growth of 20.35% compared to 2020, which was 12,439 thousand yards; sales of long fibers were 152,386 thousand yards, a positive growth of 35.69% compared to 2020, which was 112,305 thousand yards.

(2)Status of implementation of budgets: not applicable.

(3)Financial Revenue and Expenditure and Analysis of Profitability:

Unit: %

Item		2021	2020
Financial structure	Debt to asset ratio (%)	71.78	69.44
	Long-term capital to fixed assets ratio (%)	180.66	145.82
Solvency	Current ratio	131.08	111.66
	Quick ratio	75.25	68.52
	Interest coverage ratio	2.27	(0.64)
Profitability	Return on assets (%)	1.72	(0.33)
	Shareholders Return on equity (%)	3.56	(3.53)

	Percentage of paid-in capital (%)	Operating profit	9.65	0.08
		Net profit before tax	5.04	(7.59)
	Net profit ratio (%)		1.84	(2.40)
	Earnings per share (NT$)		0.48	(0.54)

(4) Research and Development Status: See Page 60~65.

II. Overview of Business Plan of the Current Year (2022)

In the year 2022, we will focus on the development of environmentally friendly, functional and fashionable products that meet the needs of the environment. We are actively working with upstream material manufacturers to develop new recycled materials and additives, and integrate our innovative technologies in false-twin, weaving, dyeing and finishing, and post-processing lamination and coating equipment to improve product quality and added value. We are making efforts to transform our production technology, and in the area of short-fiber fabrics, we 1. Produce long fiber YD fabric. 2. Fine count cotton fabric. 3. Produce new long and short fiber interwoven fabrics. Functional products that combine fashion, leisure and comfort. In the area of long-fiber fabrics, we focus on high-tech innovation to produce functional products that are thinner, more flexible, comfortable and environmentally friendly.

(1) Management policy and important production and marketing policies:

1.Strengthen the interaction with brand customers, and directly cooperate with final buyers, increase business sales and single source stability, and actively grasp the main and potential customer groups. （e.g. Aerobic exercise, OTC products, Sustainability products）

2.The promotion of core products strengthens the control of the channels of garment
Filament product：elastic sports cloth, soluble yarn, fleece.
Spun product：Elastic shirt cloth,flannel,Interlacing dyed cloth。

3.Deeply involved in functional furniture fabric, apparel fabric, SPORT fabric and OUTDOOR fabrics. Furnishing fabrics focus on China, Northern Europe, and Italy, and focus on BVB yarn and woolen yarn. The clothing market focuses on the top brands in North America and Europe, with sports, casual and fashion.

4.We made more efforts to cultivate the existing distributors and strengthen the development of new distributors (e.g., e-commerce brands) to expand the vast amount of incoming orders.

5.Enhance R&D and innovation capabilities, strengthen product planning, improve quality and accelerate the development of differentiated products (especially in response to the exemption of garment tariffs from the seven ASEAN countries), and cultivate the rapid and flexible market response capabilities of business personnel and R&D personnel.

6.Dedicated to the research and development of leisure products and expansion of the sports and leisure market, we develop the latest materials such as: imitation knitted elastic fabric, Tencel cotton feel processing yarn, embossed appearance fabric material, wool feel processing yarn, high elasticity and high resilience elastic processing yarn, etc

7.In line with the world trend, and in compliance with environmental regulations, we will take the road of sustainable environment: The epidemic has also raised consumers' awareness on the importance of environmental protection and sustainability of sporting goods.

8.The De Licacy factory in Vietnam mainly:

(1)With Vietnamese clothing manufacturers Strengthen cooperation with Vietnamese companies, supply Vietnamese materials to Vietnamese garment factories, with shortened delivery time and fast service as the largest niche;

(2)Technical cooperation with Japanese trading companies, the more Japanese companies send personnel to field technology & quality control, and the higher the level of follow-up Japanese customers have the same requirements.

(2)Expected sales volume and its basis (The following expected sales volume is estimated by

the sales department based on the current economic conditions):

Main Products	Long-fiber fabrics	Staple Fiber Fabric
Expected sales volume for the year	167,625 thousand yards	16,467 thousand yards

Responsible Person: YEH,CHIA-MING. Manager: YEH,WEI-LI Accounting Supervisor: Yu Yi-Neng

II. Company Profile

1. Date of Incorporation: July 10, 1982

2. Company History:

1982	The company was founded with a paid-in capital of NT$1 million, and purchased about 50 sets of Chinese antique looms and rented a factory in the Yong-Han Industrial Zone in Hsin-Chiu to engage in the OEM business of fabric weaving.
1984	The preparation equipment such as warping and sizing are added to make the whole weaving operation consistent.
1985	We purchased 54 looms and started the production of pre-dyed fabrics.
1986	Purchased the current site of 6,500 pings in Sanshue, Xinshi Township, Tainan County to cope with the rapid expansion of business.
1987	The company has purchased 120 sets of rapier type shuttleless looms and set up an office in Taipei to actively expand its domestic and foreign sales business. At this point, the company has moved away from OEM and is taking orders for its own business. In the second half of the year, we introduced yarn-dyeing equipment, which enabled us to enter the field of weaving and dyeing of fabrics in a consistent manner.
1989	Purchased an office in Taipei to strengthen the expansion of domestic and foreign sales.
1992	The capital increase from retained earnings and cash was used to build a long-fiber weaving plant and a dyeing and finishing plant, which enabled the company to enter the ranks of medium-sized enterprises and to master the highest value-added part of the weaving process. Since then, the Company has formally entered the field of production and sales of long-fiber fabrics and dyed fabrics after dyeing and finishing.
1996	The stock exchange approves the listing of the stock.
1997	Stock listing in January.
1998	Expanded long fiber dyeing and finishing plant, false-twister plant and yarn dyeing plant. The factory in Hangzhou, China is completed with an investment of US$30 million, with 45% investment by our company (Taiwan Deli).
1999	Obtained European "Oeke-Tex" certification.
2000	The Company invests another NT$29 million in the Hangzhou Deli factory in China, resulting in a total investment of NT$479 million, or 43.55% of the Company's investment. Awarded member of Du Pont's Best Partner Program.
2001	Obtained the "EZ-DRY" trademark pattern.
2005	On September 5, the board of directors of Baihe Investment Co., Ltd., Baili Investment Co., Ltd. and Zhaohong Investment Co., Ltd. resolved to merge, with Baihe Investment Co., Ltd. as the surviving company, and set October 5 as the base date for the merger. On October 18, the board of directors resolved to merge the subsidiaries, Baihe Investment Co., Ltd. and Charles Schwab Investment Co., Ltd. and set December 8 as the base date for the merger, and to cancel the shares of the parent company held by the original subsidiary. On December 8, the Company absorbed and cancelled 46,541,374 shares of the parent company held by its subsidiaries, and the capital stock amounted to NT$1,755,960,020 after the cancellation.
2006	Added a finishing and laminating plant.
2007	The finishing and laminating factory starts to take orders for production.
2009	Victory Samoa Holdings Co., Ltd., the 100% owned subsidiary of the Company use equity transfer to increase capital up to USD 2,050,005 and obtained 15.56% of shares from Yizhong (Shanghai) Co., Ltd. (Deli (Shanghai) Textile Co., Ltd.)
2010	In June 2000, the Company purchased 907 thousand shares of Tung Ming Fiber from an unrelated party, and held 89.84% of the Company’s shares as of the end of December 2000. On July 9, 2000, the Company adopted paperless shares.
2011	The Company and its subsidiary Defa International Industrial Limited jointly invested in The Deying International Trade Company in January 2011, holding 50% and 49.90% of the Company's shares, respectively. The Deying International Trade Company is principally engaged in the wholesale and retail of garments. Purchased 6,119 thousand shares of LUCKY UNIQUE ENT. CO., LTD. and increased its shareholding from 3.20% to 23.55%. Acquired 1,873,000 shares of Defa International Industrial Limited, increasing its shareholding from 43.55% to 77.60%. The Company reinvested in China Hangzhou De Licacy Factory in the amount of NT$472,749 thousand, and the total investment amounted to NT$1,026,451 thousand, representing 77.60% of the investment.

2012 Acquired 5,100 thousand shares of Fufa Industrial Limited and increased its shareholding from 23.55% to 45.30% by increasing its shareholding by 3,485 thousand shares through cash capital increase.

Acquired 1,981 thousand shares of Defa International Industrial Limited, increasing its shareholding from 77.60% to 100%.

The Company reinvested in China Hangzhou De Licacy Factory in the amount of NT$308,021 thousand, and the total investment amounted to NT$1,334,472 thousand, with an investment ratio of 100.00%.

2013 Eden Road Company established NEW HAO ENTERPRISE CO., LTD. (NEW HAO Company, 100% shareholding) with a capital contribution of $10,500 thousand in 2013 and on December 27, 2013, NEW HAO Company acquired 44.44% of De Licacy (Shanghai) from Guangzhou De Licacy Company at a cost of US$10,500,000.

2014 On Jan. 16, 2014, the 14th Board 18th Board Meeting, the adjustment of organization of Hangzhou De Licacy Texile Limited, De Licacy (Shanghai) Textile Limited was approved

On March 26, 2014, the Chairman of the Company, on behalf of its subsidiaries, EDEN ROAD INTERNATIONAL LIMITED and DE LICACY (SAMOA) HOLDINGS CO. On March 6, 2013, the chairman of the board of directors of EDEN ROAD INTERNATIONAL LIMITED and DE LICACY (SAMOA HOLDINGS CO., LTD.), entered into a share transfer agreement with PERFECT STEP INVESTMENTS LIMITED, which provides for a total transfer price of RMB260,835,000 per mu, based on a land parcel area of 245.57 mu as verified by both parties.

In April, CHADTEX INDUSTRIAL CO., LTD. was established with a capital of NT$85,000 thousand, holding 53.125% of the shares.

Since October, the Company's consolidated shareholding in Fufa Company is 50.59%, and the Company has control over Fufa Company and its investees E TEXTILE CO. Ltd., Zhejiang Fufa Textile Co., Ltd. are included as subsidiaries of the Company.

At the end of December, Bright Wisdom Holding Ltd. purchased 80.769% of the shares of TOTAL EXPRESS LTD. with a capital contribution of US$1, and TOTAL EXPRESS LTD. was incorporated as a subsidiary of the Company.

In December, De Licacy (Shanghai) Textile Limited, Somoa Victory Holdings Limited, and NEW HAO ENTERPRISE CO., LTD. completed the transfer of their shareholdings and the Company lost control over them.

2015 In March, the board of directors approved the issuance of NT$200 million of the first domestic secured convertible bonds and NT$250 million of the second domestic unsecured convertible bonds.

On June 11, 2015, SERVICE GREEMENT was signed with Toyotsu Fashion Express Co., Ltd., a 100% owned subsidiary of TOYOTA TSUSHO CO.

The Company invested in DE DLICACY HOLDINGS CO., LTD. and then invested in DE SHEN (CAYMAN) HOLDINGS CO. and then invested in Vietnam Company.

2016 In cooperation with Tainan Enterprise, Nan De Company invested $5,100,000 to acquire 51% equity in December 2015, and Nan De Company is a subsidiary of the Company. In March 2016, our subsidiary, De Licacy SAMOA Holding Limited, invested in De Licacy (Anguilla) Holdings Limited for USD4,905,000 and invested in NEWPREMIUM ENTERPRISE CO. ENTERPRISE CO.,LTD and indirectly acquired Jei Jom ENTERPRISE CO.,LTD USD1,470,000. The Company owns 49% of the shares of NEWPREMIUM and Jei Jom ENTERPRISE CO.

2017 Deli International Limited, a subsidiary, acquired Budweiser Holdings Limited for US$5.63 million from FAITH GAIN INVESTMENT LIMITED, a subsidiary, in order to indirectly hold the equity interest in Zhejiang Fufa Textile Ltd.

The subsidiaries, De Licacy (Samoa) Holdings Co., LTD. and Nutransfer International Co.,LTD. and Subtex Trading Co., LTD. agreed to jointly invested to establish NUTRANSFER (SAMOA) INTERNATIONAL CO., LTD. abroad with the total contribution of USD 200, where De Licacy (Samoa) Holdings Co., LTD. invested USD 1 million, accounted for 50% of the total shares, NUTRANSFER (SAMOA) INTERNATIONAL CO.,LTD then indirectly made investment in Vietnam and established Nutransfer International (Vietnam) Co., Ltd. with 100% shareholding and entered pringing industry.

2018 In December 2017, the Company invested US$1,105 thousand to establish Jingda Global Company (100% shareholding), and in July 2018, the Company invested an additional US$830 thousand mainly for indirect investment in ATAGO Vietnam (30% shareholding).

In April 2018, Somoa Le Licacy invested US$11,920,000 to establish Mega Ventures Company (85% shareholding), which is mainly used to indirectly invest in GLORY WEALTHY CORPORATION LIMITED (38% shareholding).

In November 2018, Deli International Limited and Eden Road International Limited increased their investment in Bright Wisdom Ltd. by US$2,151 thousand and US$416 thousand, respectively, mainly to reinvest in Lucky Apex Ventures Limited (100% shareholding) and then indirect investment on Anqing Defa Company (100% shareholding). The investment was approved by the Investment Review Committee of the Ministry of Economic Affairs on October 30, 2018.

2019 On June 28, 2019, the Company established Deguo Company (60% shareholding) with an unrelated party at a capital of $12,000 thousand, which is mainly engaged in general import and export trade.

Acquired 3.96% equity interest in Fufa Company from an unrelated party for $21,664 thousand in June 108, resulting in an increase in shareholding from 55.74% to 59.7%.

Deyi Company and Eden Road Company invested in Bright Wisdom Ltd. for reinvestment in Lucky Apex Ventures Limited (100% shareholding) and indirectly in Anqing Defa Company (100% shareholding). The investment was approved by the Investment Commission of the Ministry of Economic Affairs on October 30, 2018. Bright Wisdom Ltd. increased its capital in cash in June 2019, but Tung Ming, Deli Company and Eden Road Company did not recognize the investment in Bright Wisdom Ltd. in proportion to their shareholdings. However, Tung Ming, Deli Company and Eden Road Company did not recognize the change in their proportional shareholding in Bright Wisdom Ltd. to 5.22%, 45.85% and 20.23%, respectively.

Bright Wisdom Ltd. acquired 19.231% of the shares of Zhejiang Fufa Company and Total Express Ltd. from key management at the end of 2019 for $74,950 thousand ($2,500 thousand) (recorded as other payables - related parties), resulting in an increase in the shareholding ratio from The shareholding ratio increased from 80.769% to 100%.

In June 2019, the Company acquired 3.96% of Fufa Company from an unrelated party for $21,664 thousand, increasing its shareholding from 55.74% to 59.7%.

2020 On January 14, 2020, the board of directors approved the acquisition of 5.22% and 20.23% of the shares of Bright Wisdom Ltd. from Dongming Company and Eden Road Company, respectively, at US$1.0376 per share, in order to indirectly increase the investment in Zhejiang Fufa Company and Anqing Fufa Company, resulting in an increase in the shareholding ratio from 45.85% to 71.3%. The transfer of shares was a reorganization of a jointly controlled entity.

On January 14, 2020, the board of directors approved the purchase of 1.22% equity interest in Fufa from Dongming, a subsidiary, for $6,633,000, resulting in an increase in shareholding from 59.7% to 60.92%, which is an organizational reorganization under common control.

On March 12, 2020, the board of directors approved the sale of 60% of the shares held by Teckwah to its subsidiary, FuFa Company, for $12,000 thousand, which is an organizational reorganization under common control.

The sold shares of LUCKY UNIQUE ENT. CO., LTD. which accounted for 35.94% of all and held by the Company is proposed and approved by the Board of Directors on June 16, 2020, which reduced shareholding ratio to 24.98%; hence, the amalgamated company lost control of LUCKY UNIQUE and its subsidiary and the remaining part of investment is recognized for investment in associates subject to the fair value on the day losing control of the same.

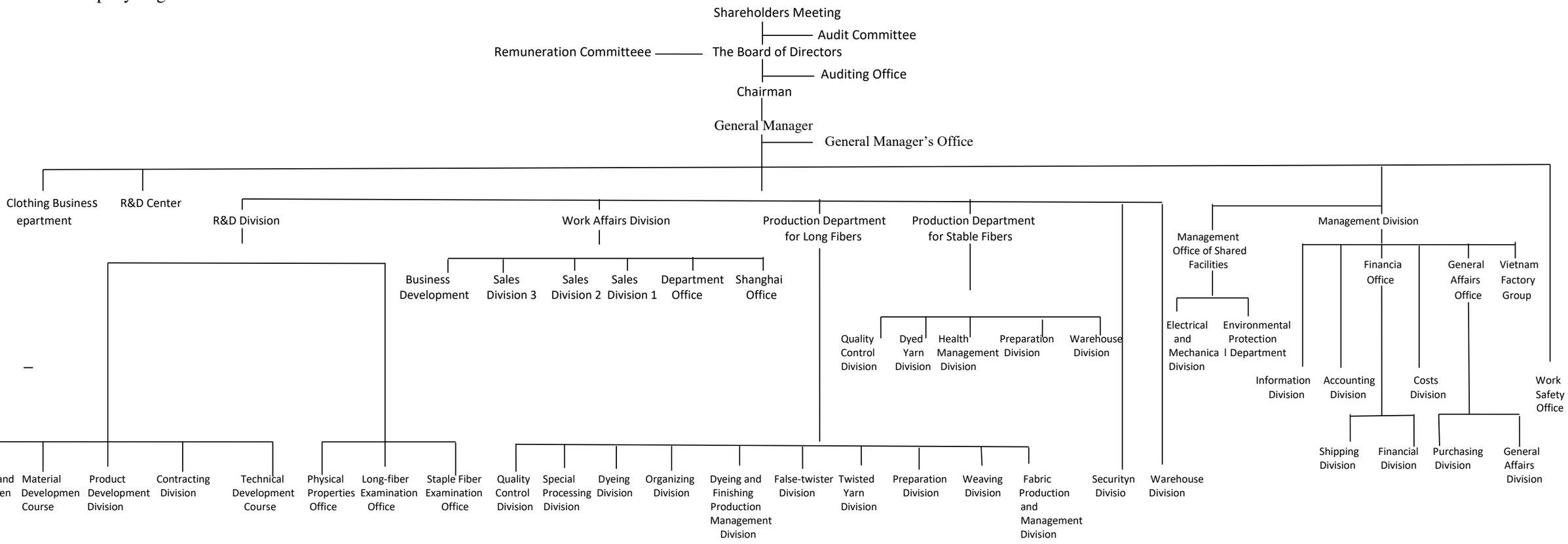
The 91.28% shares of TONG MING ENTERPRISE CO., LTD. held by the Company was approved by the Board of Directors to sell to LUCKY UNIQUE ENT. CO., LTD. on April 20, 2020; hence, the transfer of equity is classified as reorganization under a common control entity

2021 At the 6th Meeting of the 17th Board of Directors on March 15, 2021, the Board approved the re-investment from De Licacy (Samoa) Holdings Co. Ltd. to BEST ALLIANCE INTERNATIONAL LIMITED, and the re-investment in NANTONG DE LICACY TEXTILE TECHNOLOGY CO. This investment project was established due to the proposed demolition, relocation or name change of Hangzhou De Licacy Textile Co., Ltd. And Zhejiang Fu Fa Textile Co., Ltd.

III. Corporate Governance Report

(I) Organization Structure

1. Company Organizational Structure



2. Business Content of All Departments

Department	Main Task
Auditing Office	・Establish the company's auditing system and revise it in a timely manner. ・Audit each cycle operation is executed in accordance with the company rules and regulations, and submit audit reports for approval, and make tracking reports for any irregularities. ・Schedule the annual audit schedule and upload the related information.
Work Safety Office	Manage the planning and supervise the affairs of labor safety and health management of each department.
Management Division	・Responsible for budgeting, audit accounting, bookkeeping, cost accounting, financial tax management, capital market fundraising, capital management and utilization, operation analysis, general affairs, procurement, personnel, system planning, external affairs related to IPO, stock trading, programming, system maintenance, and other matters as assigned. ・Handle matters related to investor relations.
Management Office of Shared Facilities	・Provide power, steam, soft water and machine maintenance for the whole company.
Production Department for Long Fibers Production Department for Stable Fibers	・Manage the affairs related to production control, manufacturing, quality control, maintenance and repair, and other assigned matters.
Work Affairs Division	・Responsible for market research, sales forecasting and planning, sales promotion, market development, product sales, payment collection, and after-sales service.
R&D Division	・Develop, execute and follow up on new product development plans. ・The collection and management of new product information and market trends. ・Production design analysis, manufacturing technology and processing technology research. ・Develop new cloths and materials. ・Improve the quality of existing products and improve the efficiency of machinery and human resources.
R&D Center	・Engage in forward-looking innovative R&D work. ・Focus on long-term research and development and patent applications. ・Submit applications to government departments and consortia for research and development projects. ・Develop Senior Human Resources. ・Build the company's core technology.
Clothing Business Department	・Develop and manufacture all kinds of functional outdoor and sportswear. ・Produce high-end apparel for internationally renowned brands.

(II) Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

1. Directors' Information (1)

Apr. 19, 2022

Title (Note 1)	Name	Nationality/ Registration Place	Gender, Age (Note 2)	Date First Elected (Note 3)	Date first elected (assumed office)	Term (Years)	Shareholding when Elected		Own Shareholdings		Shares held by spouse, minor children		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position in the Company and other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark (Note 5)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman	YEH,CHIA-MING	R.O.C.	Male 40~50 years old	2008.06.06	2017.06.08	3	3,398,181	0.88	3,288,181	0.86	--	--	--	--	Graduate Institute, University of Southern California Associates, De Licacy Industrial Co., Ltd.	Note 6	Directors Directors	YEH,WEI-LI YEH,CHIA-HAO	Brothers Brothers	
Institutional Director	Fuhua Investment Co., Ltd. Representative: YEH,CHIA-HAO	R.O.C.	Male 40~50 years old	2006.06.14	2017.06.08	3	31,213,994	8.12	30,000,994	7.80	--	--	--	--	Graduate Institute, New York University Hangzhou Deli Textile Co., Ltd. Deputy Chairman	Note 7	Chairman Directors	YEH,CHIA-MING YEH,WEI-LI	Brothers Brothers	
Institutional Director	Fuhua Investment Co., Ltd. Representative: YEH,WEI-LI	R.O.C.	Male 40~50 years old	2014.06.20	2017.06.08	3	31,213,994	8.12	30,000,994	7.80	60,835	0.02	--	--	Graduate Institute, University of Southern California Manager, De Licacy Industrial Co., Ltd.	Note 8	Chairman Directors	YEH,CHIA-MING YEH,CHIA-HAO	Brothers Brothers	
Institutional Director	Fuhua Investment Co., Ltd. Representative: KUO,CHUN-HSIUNG	R.O.C.	Male 60~70 years old	2006.06.14	2017.06.08	3	31,213,994	8.12	30,000,994	7.80	322,069	0.08	--	--	Major in Textiles, National Taipei University of Technology Associates, EVEREST	Note 9	None	None	None	
Institutional Director	Fuhua Investment Co., Ltd. Representative: YU,I-NENG	R.O.C.	Male 40~50 years old	2021.08.31	2021.08.31	3	31,213,994	8.12	30,000,994	7.80	--	--	--	--	DE LICACY INDUSTRIAL CO., LTD Executive vice president and chief accounting officer	Note 10	None	None	None	
Independent Director	HUANG,CHUN-JEN	R.O.C.	Male 60~70 years old	2017.06.08	2017.06.08	3	60,577	0.01	66,000	0.01	564	--	--	--	Department of Chemical Engineering, Hwa Hsia University of Technology General Manager, WELL UNIQUE ENTERPRISE CO., LTD. Chairman, Hanpin International Co., Ltd.	Note 11	None	None	None	
Independent Director	SU,PO-CHENG	R.O.C.	Male 40~50 years old	2017.06.08	2017.06.08	3	12,762	--	12,762	--	--	--	--	--	Department of Applied Chemistry, Tamkang University General Manager, HONE-STRONG INDUSTRIAL CO., LTD.	Note 12	None	None	None	
Independent Director	TSAI,CHI-CHUN	R.O.C.	Male 40~50 years old	2020.06.10	2020.06.10	3	--	--	--	--	--	--	--	--	Graduate Institute, University of Southern California Graduated from the Department of Public Administration Deputy Chairman, SPORTSLINK TAIWAN LIMITED	Note 13	None	None	None	

Note 1: Corporate shareholders should list the name of the corporate shareholder and the representative separately (for those who are representatives of the corporate shareholder, the name of the corporate shareholder should be indicated), and should fill in Table 1 below.

Note 2: Please list the actual age and express it in intervals, such as 41-50 years or 51-60 years.

Note 3: Enter the time when you first became a director or supervisor of the Company. If there is any interruption, please provide a note to explain.

Note 4: For experience related to the current position, if you have worked for a certified public accountant firm or a related company during the previous reporting period, you should specify the title and responsibilities of your position.

Note 5: If the chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and relevant information on the measures to be taken shall be stated.

Note 6: Chairman, YEH, CHIA-MING, is concurrently working as chairman of Fufa International Investment Co., Ltd., WELL UNIQUE ENTERPRISE CO., LTD., Yongyi Investment Co., Ltd. Huarong Trade Co., Limited, representative of institutional director and chairman of DNE ENERGY INC., DEFA INTERNATIONAL INDUSTRIAL CO., LTD., representative of institutional director, Zhejiang Fufa Textile Co., Ltd., Deyang Co., Ltd., SHENG-BO TECHNOLOGY CORP., Hangzhou DE LICACY Texile CO.,LTD., SILVER SHORES INTERNATIONAL LIMITED, APEX (ANQING)TEXTILE CO.,LTD, De Kao Trading Co., Ltd, R&L SOLAR SOLUTIONS TAIWAN INC., Deri company, Dexing company, Full Vision Enterprise Co., Ltd and Jinlin Venture Capital Co., Ltd., and Nantong De Licacy Industrial Co., Ltd., representative of institutional director and responsible person of De Licacy (Anguilla) Holdings Limited, Xinhu Venture Investment Co,.Ltd., EDEN ROAD Inernational Limited, Jingda Global Co., Ltd., Mega Ventures Co., EDEN ROAD Inernational Limited(Hong Kong)Ltd., director of FORWARD Investment Limited, Vicotry International Trade Company, Fufa Industrial Co., Ltd., ERA NOUVEAU INTERNATIONAL CO., LTD. and FUTURE TYCOON TRADING CO., Ltd., and responsible person of DE SHEN (Cayman) Holdings Limited, Delicacy BVI Holdings Limited, DE HONG HOLDINGS CO.,LTD, FAITH GAIN INVESTMENT LIMITED and CHENG FONG BAKERY SUPPLY CO., supervisor of TUNG MING TEXTILE CO.,LTD., E TEXTILE CO., LTD..

Note7:Representative of institutional director of FORWARD Investment Limited, Mr. YEH, CHIA-HAO, is concurrently working as deputy chairman of the Company, chairman of Vicotry International Trade Company, Quanye Investment (Stock) Co., Ltd., representative of institutional director and chairman of Zhejiang Fufa Textile Co., Ltd., APEX (ANQING)TEXTILE CO.,LTD, FUTURUS CO., LTD., representative of institutional director and responsible person of Jinlin Venture Capital Co., Ltd., responsible person of Lee hing co., ltd., LUCKY APEX VENTURES LIMITED, TOTAL EXPRESS LTD, Bright Wisdom Holdings Limited, New Wisdom Capital Inc., representative of institutional director of Hangzhou DE LICACY Texile CO., LTD., DE-FA INTERNATIONAL INDUSTRIAL CO., LTD., Nantong De Licacy Industrial Co., Ltd., director of FORWARD Investment Limited, Fufa International Investment Co., Ltd., WELL UNIQUE ENTERPRISE CO., LTD., SILVER SHORES INTERNATIONAL LIMITED, Mega Ventures Co., Ltd., representative of institutional supervisor of Deyang Co., Ltd., SHENG-BO TECHNOLOGY CORP., Deri company, Dexing company.

Note8:Representative of institutional director of FORWARD Investment Limited, Mr. YEH,WEI-LI, is concurrently working as the general manager of the Company, chairman of FORWARD Investment Limited, Morning Light International Investment Company, director of Fufa International Investment Co., Ltd., Vicotry International Trade Company, Accuratech precision inc., Mega Ventures Co., Ltd., SILVER SHORES INTERNATIONAL LIMITED, FUTURE TYCOON TRADING CO., Ltd., representative of institutional director of Hangzhou DE LICACY Texile CO., LTD., Zhejiang Fufa Textile Co., Ltd., CHADTEX INDUSTRIAL CO., LTD., DE HONG HOLDINGS CO.,LTD, APEX (ANQING)TEXTILE CO.,LTD, Jinlin Venture Capital Co., Ltd., Nantong De Licacy Industrial Co., Ltd., supervisor of WELL UNIQUE ENTERPRISE CO., LTD., representative of institutional supervisor of Defa International Industrial Co., Ltd., responsible person of Vietnam DE LICACY INDUSTRIAL CO., LTD., ALPHABAY INVESTMEN LIMITED.

Note 9:Representative of institutional director of FORWARD Investment Limited, Mr. KUO,CHUN-HSIUNG, retired/dismissed on Aug. 31 2021.

Note10:Representative of institutional director of FORWARD Investment Limited, Mr. YU,I-NENG, Currently, the individual works concurrently as the executive deputy general manager of the Company and chief financial officer of director of MAXIGOOD LIMITED,representative of institutional supervisor of Hangzhou DE LICACY Texile CO.,LTD., supervisor of FORWARD Investment Limited, Fufa International Investment Co., Vicotry International Trade Company、Huarong Trade Co., Limited、FUTURE TYCOON TRADING CO., Ltd., Quanye Investment (Stock) Co., Ltd., and Nantong De Licacy Industrial Co.,Ltd.。Assumed office on Aug. 31, 2021

Note 11: Mr. HUANG,CHUN-JEN, an independent director, is currently the general manager of WELL UNIQUE ENTERPRISE CO., LTD.

Note 12: Mr. SU,PO-CHENG, an independent director, is currently the directorandgeneral manager of HONE-STRONG INDUSTRIAL CO., LTD.; Director of ZIG SHENG INDUSTRIAL CO., LTD. and BEAUTY-STRONG DYEING & FINISHING CO., LTD.; chairman of Tianhe Investment Co., Ltd.

Note 13: Mr. TSAI,CHI-CHUN, an independent director, is currently the Vice Chairman of SPORTSLINK TAIWAN LIMITED

Table 1: Major shareholders of the institutional shareholders

Name of Institutional Shareholders	Major shareholders of the juristic persons
Fuhua Investment Co., Ltd.	YEH,WEI-LI (18.03%), Chenxi International Investment Co., Ltd. (81.97%)

Note 1: If the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be entered.

Note 2:Enter the names of the major shareholders of the corporation (the top ten in terms of shareholding) and their shareholding ratios. If the major shareholder is a corporation, the following table 2 should be completed.

Note 3:If a corporate shareholder is not a corporate organization, the name of the shareholder and the percentage of shareholding should be disclosed in the preceding paragraph.The name of the shareholder and the percentage of shareholding disclosed in the preceding paragraph are the name of the contributor or donor and the percentage of contribution or contribution. (Please refer to the announcement of the Judicial Yuan for more information.) The name of the donor and the rate of his or her contribution/donation should be stated; also, it should be added with "deceased" if the donor has passed away.

Table 2: Major shareholders of the Company's major institutional shareholders

Name of Institutional Shareholders	Major shareholders of the juristic persons
Chenxi International Investment Co., Ltd.	YEH,WEI-LI(94%),HUNG,SHEN-I(6%)

Note 1: If the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be entered.

Note 2: Enter the names of the major shareholders of the corporation (the top ten in terms of shareholding) and their shareholding ratios.

Note 3: If a corporate shareholder is not a corporate organization, the name of the shareholder and the percentage of shareholding should be disclosed in the preceding paragraph.The name of the shareholder and the percentage of shareholding disclosed in the preceding paragraph are the name of the contributor or donor and the percentage of contribution or contribution. (Please refer to the announcement of the Judicial Yuan for more information.) The name of the donor and the rate of his or her contribution/donation should be stated; also, it should be added with "deceased" if the donor has passed away.

Directors' Information (2)

1.Disclosure of Professional Qualifications of Directors and Independence of Independent Directors：

Criteria / Name (Note 1)	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
YEH,CHIA-MING			✓							✓		✓	✓	✓	✓	None
Fuhua Investment Co., Ltd. Representative: YEH,CHIA-HAO			✓							✓		✓		✓		None
Fuhua Investment Co., Ltd. Representative: YEH,WEI-LI			✓							✓		✓		✓		None
Fuhua Investment Co., Ltd. Representative: KUO,CHUN-HSIUNG (Note 13)			✓			✓	✓			✓	✓	✓	✓	✓		None
Fuhua Investment Co., Ltd. Representative: YU,I-NENG (Note 14)			✓			✓				✓	✓	✓	✓	✓		None
HUANG,CHUN-JEN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
SU,PO-CHENG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
TSAI,CHI-CHUN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note 1: The number of columns is adjusted according to the actual number.

Note 2: Please tick the corresponding boxes with "✓" that apply to a member during the two years prior to being elected or during the term(s) of office.

（1）Not an employee of the Company or any of its affiliates.

（2）Not a Director or Supervisor of the Company or its affiliates(except in the case where the independent directors of the Company or its parent company, subsidiaries or subsidiaries of the same parent company are appointed by the Act or the local laws and regulations of the country in which they are located, in addition to each other)

（3）Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.

（4）Not a spouse, second-degree relative or third-degree relative of the managers in (1) or persons in (2) or (3).

（5）Not a director, supervisor, or employees of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings or is the representative being assigned as the director or supervisor of the Company by in accordance with Article 27, Paragraph 1 or 2 of the Company Act, (However, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).

（6）Not a director, supervisor or employee of other company which has over half of the number of directors' seats or shares with voting rights of the Company and is controlled by the same person (however, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).

（7）Not a director, supervisor or employee of other companies or institution which concurrently works as or in a spouse relationship to the chairman, general manager or personnel of relative duties of the Company (however, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).

（8）Not a director, supervisor, manager or a shareholder holing five percent or more of the shares of a company or institution that has a business or financial relationship with the Company, (however, this does not apply, in case where the specific company or institution holds over 20% but less than 50% of the total number of issued shares of the Company and the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).

（9）Not a professional who provides auditing, nor a professional who provides commercial legal, financial, accounting, or consulting services to the Company or its affiliates with the cumulated remuneration within the last two years less than NT$500,000, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such service to the Company or its affiliates, However, this does not apply for members of compensation committee, public acquisition audit committee or special committee for merger who exercise power in accordance with relevant laws and regulations in Securities and Exchange Act or Business

Mergers and Acquisitions Act.
（10）Not a spouse or relative of second degree or closer to any other directors.
（11）Not a person of any conditions defined in Article 30 of the Company Act
（12）Not elected as a governmental, juridical person or its representative defined in Article 27 of the Compan Act
（13）Retired/dismissed on 2021/08/31.
（14）於 110/08/31 就任。

2. Board diversity and independence:

(1) Board diversity:

In accordance with the Company's diversification policy and to strengthen corporate governance and promote the development of a sound composition and structure of the Board of Directors, the Company adopts a candidate nomination system for the nomination of director candidates in accordance with the Company's Articles of Incorporation. The candidates' academic (experience) qualifications, professional background, integrity or relevant professional qualifications are evaluated and approved by the Board of Directors before being submitted to the shareholders' meeting for election. The Board of Directors shall establish an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs, which include, without being limited to, the following:

(I) Basic requirements and values: gender, age, nationality, and culture.

(II)Professional knowledge and skills: ability to make judgments about operations, ability to perform accounting and financial analysis, business management ability, crisis management ability, expert knowledge of futures and financial derivatives, knowledge of international markets, leadership ability, ability to make policy decisions.

The current Board of the Company consists of seven directors. The specific management objectives of the Board diversity policy and the achievement thereof are as follows:

Management objective	Achievement status
Number of seats of independent directors are more than one-third of the Board	Achieved
Independent directors did not assumed office for more than 3 terms	Achieved
Adequate diversity of expertise and skills	Achieved

The implementation of the Board diversity policy is as follows:

Diversity core / Name		Basic composition						Professional background			Expertise and skills					
		Nationality	Gender	Employee identity	Age		Years served as an independent director (under 3 years)	Accounting	Industry	Finance	Ability to make operational judgments	Ability to conduct management administration	Ability to lead	Ability to conduct crisis management	Knowledge of the industry	An international market perspective
					41-50 years old	61-70 years old										
Director	YEH,CHIA-MING	ROC	Male	✓	✓				✓		✓	✓	✓	✓	✓	✓
	YEH,CHIA-HAO		Male	✓	✓				✓		✓	✓	✓	✓	✓	✓
	YEH,WEI-LI		Male	✓	✓				✓		✓	✓	✓	✓	✓	✓
	YU,I-NENG		Male	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	HUANG, CHUN-JEN		Male			✓	✓		✓		✓	✓	✓	✓	✓	✓
	SU,PO-CHENG		Male		✓		✓		✓		✓	✓	✓	✓	✓	✓
	TSAI,CHI-CHUN		Male		✓		✓		✓		✓	✓	✓	✓	✓	✓

(2) Board diversity: The Company currently has 7 members in total, comprising 3 independent directors and 4 directors working concurrently as employees (accounted for 42.86% and 57.14% of all directors). As of the end of 2021, the independent directors are in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors, and there are no cases of items 3 and 4 under Article 26-3 of the Securities and Exchange Act between each of the directors and the independent directors. The Company's Board of Directors is independent (please refer to page 13 of this annual report - Disclosure of Directors' Professional Qualifications and Independence), and each of the Directors has academic qualifications, gender and work experience (please refer to pages 11-12 of this annual report - Directors' Information).

2. General Manager, Deputy General Manager, Associates, Departments and Branches Officer:

Title(Note 1)	National ity	Name	Date first elected (assumed office)	Gender	Shareholdings		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Other Position in other Companies	Managers who are spouses or within two degrees of kinship			Remark (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Special assistant of the chairman (Note 4)	R.O.C.	KUO,CHUN-HSIUNG	2011.06.17	Male	156,804	0.04%	322,069	0.08%	--	--	Major in Textiles, National Taipei University of Technology Associates, EVEREST	Representative of Institutional Supervisor, Hangzhou Deli Textile Co., Ltd. Representative of Institutional Supervisor, Zhejiang Apex Textile Co.,Ltd. Chairman, LUCKY UNIQUE ENT. CO. ,LTD Director, Deli Education Foundation Responsible Person, Juheng Holdings Co., Ltd. Director, ERA NOUVEAU INTERNATIONAL CO., LTD. Representative of Institutional Director and Responsible Person of E HONG INTERNATIONAL CO.,LTD (DH)	None	None	None	
General Manager	R.O.C.	YEH,WEI-LI	2019.03.18	Male	2,859,392	0.74%	60,835	0.02%	--	--	Graduate Institute, University of Southern California De Licacy Industrial Co., Ltd. General Manager	Chairman Fuhua Investment Co., Ltd Director, Fufa International Investment Co., Ltd. Supervisor, WELL UNIQUE ENTERPRISE CO., LTD. Supervisor, TUNG MING TEXTILE CO., LTD. Representative of Institutional Supervisor, DE-FA INTERNATIONAL INDUSTRIAL CO., LTD. Director, FUSON INTERNATIONAL CO., LTD. Representative of Institutional Director, Hangzhou Delicacy Textile Co.,Ltd. Representative of Institutional Director, Zhejiang Apex Textile Co.,Ltd. Representative of Institutional Director, CHADTEX INDUSTRIAL CO., LTD. Director, Accuratech precision inc. Responsible Person, Vietnam Deli Industrial Co., Ltd. Responsible Person, ALPHABAY INVESTMENT LIMITED Director, SILVER SHORES INTERNATIONAL LIMITED Representative of Institutional Director, DE HONG HOLDINGS CO.,LTD Director, Beauty Plus Ventures. Limited Chairman, Chenxi International Investment Co., Ltd. Representative of Institutional Director, Anqing Defa Textile Co., Ltd. Representative of Institutional Director,Nantong De Licacy Industrial Co., Ltd Representative of Institutional Director,Jinlin Venture Capital Co., Ltd. Director, FUTURE TYCOON TRADING CO., Ltd	Associates, Management Division	CHI,WEI-HSIEN	Second-degree kinship	

Title (Note 1)	Nationality	Name	Date first elected (assumed office)	Gender	Shareholdings		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Other Position in other Companies	Managers who are spouses or within two degrees of kinship			Remark
					Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relation	
Executive Deputy General Manager of Management Division Financial and Accounting Supervisor	R.O.C.	YU, I-NENG	2014.06.17	Male	--	--	--	--	--	--	Accounting, Tamkang University Manager, Hangzhou Delicacy Textile Co.,Ltd. Manager, DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Supervisor, Fufa International Investment Co., Ltd. Director, Wanhao Co., Ltd. Supervisor, Fusheng International Trade Co., Ltd. Representative of Institutional Supervisor, Hangzhou Delicacy Textile Co.,Ltd. Supervisor Fuhua Investment Co., Ltd Representative of Institutional Supervisor, LUCKY UNIQUE ENT. CO. ,LTD Supervisor, De Kao Trading Co., Ltd. Supervisor, FUTURE TYCOON TRADING CO., Ltd. Supervisor, Rights Industry Equity (Stock) Co., Ltd. Supervisor, Huarong Trade Co., Limited Supervisor,Nantong De Licacy Industrial Co., Ltd	None	None	None	
Deputy General Manager, Production Department	R.O.C.	TSAI, CHI-HSIU	2017.06.26	Male	628	--	50	--	--	--	Chemical Engineering Department, Vanung University Supervisor, EVEREST Manager, De Licacy Industrial Co., Ltd.	Representative of Institutional Director and Chairman, CHADTEX INDUSTRIAL CO., LTD.	None	None	None	

Note 1: The information of general manager, vice president, assistant manager, department and branch office heads should be included, and any position equivalent to general manager,vice president or assistant manager, regardless of title, should also be disclosed.
Note 2: For experience related to the current position, if you have worked for a certified public accountant firm or a related company during the previous reporting period, you should specify the title and responsibilities of your position.
Note 3: If the chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and relevant information on the measures to be taken shall be stated.
Note 4: Retired/dismissed Aug. 31, 2021.
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3.Remuneration of Directors, Supervisors, General Manager, and Deputy General Manager in recent years:

(1) Remuneration of General Directors and Independent Directors

NT$1,000

Title	Name	Directors' Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income(Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income(Note 10)		Compensation Paid to Directors from an Invested Company Other than the Subsidiaries or Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)						
																The Company		Companies in the consolidated financial				
		The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	Companies in the consolidated financial statements	
Chairman	YEH,CHIA-MING	0	0	0	0	0	1,191	200	1,000	0.11%	1.20%	2,649	9,125	0	0	0	0	0	0	1.56%	6.18%	None
Institutional Director	Fuhua Investment Co., Ltd. Representative: YEH,CHIA-HAO	0	0	0	0	0	1,191	200	840	0.11%	1.11%	2,285	4,170	0	0	0	0	0	0	1.36%	3.39%	None
Institutional Director	Fuhua Investment Co., Ltd. Representative: YEH,WEI-LI	0	0	0	0	0	1,206	200	1,030	0.11%	1.22%	2,361	7,989	0	0	0	0	0	0	1.40%	5.59%	None
Institutional Director	Fuhua Investment Co., Ltd. Representative: KUO,CHUN-HSIUNG(Note 12)	0	0	961	961	0	1,205	160	780	0.61%	1.61%	1,757	6,867	0	0	0	0	0	0	1.57%	5.36%	None
Institutional Director	Fuhua Investment Co., Ltd. Representative: YU,I-NENG (Note 13)	0	0	0	0	0	378	40	200	0.02%	0.32%	2,164	5,314	0	0	0	0	0	0	1.20%	3.22%	None
Independent Director	HUANG,CHUN-JEN	0	0	0	0	250	250	360	360	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	None
Independent Director	SU,PO-CHENG	0	0	0	0	250	250	360	360	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	None
Independent Director	TSAI,CHI-CHUN	0	0	0	0	250	250	270	270	0.29%	0.29%)	0	0	0	0	0	0	0	0	0.29%	0.29%	None
Total		0	0	961	961	750	5,921	1,790	4,840	1.91%	6.41%	11,216	33,465	0	0	0	0	0	0	8.04%	24.69%	None

1.Please describe the policy, system, criteria and structure for the compensation of independent directors, and the relevance to the amount of compensation paid based on the responsibilities, risks, time commitment, etc.The compensation of the Company's independent directors is determined by the Compensation Committee with reference to the industry or related industry payout and the Company's operating performance. The compensation of our independent directors is determined by the Compensation Committee with reference to the industry or related industry payout and the Company's operating performance, taking into account the directors' participation in the Company' The compensation of our independent directors is determined by the Compensation Committee with reference to the industry or related industry payout and the Company's operating performance, taking into account the directors' participation in the Company's operations and their individual performance contributions.The remuneration is set at NT$250,000 per year for each director, regardless of profit or loss, and ispayable in the event of a loss.

2. Except as disclosed in the table above, the remuneration received by the directors of the Company for services rendered in the most recent year (e.g. as consultants to non-employees of the parent company/all companies in the financial reports/re-investment business, etc.): None

Range of Remuneration

Range of remuneration paid to each of the Company's directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) I
Under NT$ 1,000,000	YEH,CHIA-MING Representative of Fuhua Investment Co., Ltd.: YEH,CHIA-HAO Representative of Fuhua Investment Co., Ltd.: YEH,WEI-LI Representative of Fuhua Investment Co., Ltd.: YU,I-NENG HUANG,CHUN-JEN, SU,PO-CHENG, TSAI,CHI-CHUN	Representative of Fuhua Investment Co., Ltd.: YU,I-NENG HUANG,CHUN-JEN, SU,PO-CHENG, TSAI,CHI-CHUN	HUANG,CHUN-JEN, SU,PO-CHENG, TSAI,CHI-CHUN	HUANG,CHUN-JEN, SU,PO-CHENG, TSAI,CHI-CHUN
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Representative of Fuhua Investment Co., Ltd.:KUO,CHUN-HSIUNG	YEH,CHIA-MING Representative of Fuhua Investment Co., Ltd.: YEH,CHIA-HAO Representative of Fuhua Investment Co., Ltd.: YEH,WEI-LI Representative of Fuhua Investment Co., Ltd.: KUO,CHUN-HSIUNG		
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)				
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)			YEH,CHIA-MING Representative of Fufa International Investment Co., Ltd.: YEH,WEI-LI Representative of Fufa International Investment Co., Ltd.: YEH,CHIA-HAO Representative of Fuhua Investment Co., Ltd.: YU,I-NENG Representative of Fuhua Investment Co., Ltd.: KUO,CHUN-HSIUNG	
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)				Representative of Fufa International Investment Co., Ltd.: YEH,CHIA-HAO Representative of Fuhua Investment Co., Ltd.: YU,I-NENG Representative of Fuhua Investment Co., Ltd.:KUO,CHUN-HSIUNG
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)				YEH,CHIA-MING Representative of Fufa International Investment Co., Ltd.: YEH,WEI-LI
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)				
NT$100,000,000 or over				
Total	8 people	8 people	8 people	8 people

Note 1: The names of directors should be listed separately (corporate shareholders should list the names of corporate shareholders and their representatives separately).The names of directors and independent directors should be listed separately.The amount of each payment should be disclosed in aggregate. If the director works concurrently as the General Manager or Deputy General Manager, he/she shall fill out the table (3-1) or (3-2) below

Note 2: This refers to the most recent annual compensation of directors (including directors' salaries, bonuses, severance pay, various bonuses and incentive payments, etc.).

Note 3: The amount of directors' remuneration approved by the board of directors in the most recent year is included.

Note 4: This refers to the latest year's directors' related business execution expenses (including travel expenses, special expenses, various allowances, dormitory, provision of cars, etc.). The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. If a driver is assigned to the director, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration.

Note 5: This refers to the salary, salary increment, severance pay, various bonuses, incentive payments, transportation expenses, special expenses, various allowances, dormitory, provision of cars, etc., received by the directors and employees (including concurrent general manager, vice president, other managers and employees) in the most recent year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. If the director have a driver, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration. Salary expense recognized in accordance with IFRS 2, “Share-based Payment,” including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 6: The amount of employee compensation (including stock and cash) received by a director who is also an employee (including also a general manager, vice president, other managers and employees) in the most recent year should be disclosed as approved by the board of directors in the most recent year, and if the amount cannot be estimated, the proposed distribution amount for this year should be calculated in proportion to the actual distribution amount last year, and should also be listed in Table 1 ter.

Note 7: The total amount of each remuneration paid to the Company’s directors by all companies in the consolidated report (including the Company) should be disclosed.

Note 8: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the director at the level of vesting.

Note 9: The total amount of each remuneration paid to each director of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the directors should be disclosed at the level to which they belong.

Note 10: The net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 11:a. This column should clearly indicate the amount of remuneration received by the directors of the Company from reinvestment businesses other than subsidiaries or the parent company (if none, please enter "none")

b. If a director of the Company receives remuneration from a subsidiary or a parent company, the remuneration received by the director of the Company from a subsidiary or a parent company should be included in column I of the remuneration scale, and the name of the column should be changed to "Parent Company and All Re-investment Businesses".

c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses of the Company’s directors in their capacity as directors, supervisors or managers of a business other than a subsidiary or a parent company.

Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses related to the director's role as a director, supervisor or manager of a business other than a subsidiary or a parent company of the Company.

Note 12: Representative of Fuhua Investment Co., Ltd., KUO, CHUN-HSIUNG retired/dismissed on 2021/08/31.

Note 13: Representative of Fuhua Investment Co., Ltd., YU, I-NENG assumed office on 2021/08/31.

*The compensation disclosed in this table is different from the concept of income under the Income Tax Act, therefore, the purpose of this table is for information disclosure and not for tax purposes.

(2) Remuneration of General Manager, and Deputy General Manager in recent years:

NT$1,000

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonus and special allowance, etc. (C) (Note 3)		Employee bonus (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 8)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	YEH,WEI-LI	2,060	4,460	0	0	301	3,529	0	0	0	0	1.29%	4.36%	None
Special assistant of the chairman	KUO,CHUN-HSIUNG	1,441	3,005	961	961	315	3,862	0	0	0	0	1.49%	4.28%	None
Executive Deputy General Manager of Management Division Financial and Accounting Supervisor	YU,I-NENG	1,885	2,390	0	0	280	2,924	0	0	0	0	1.18%	2.90%	None
Deputy General Manager, Production Department	TSAI,CHI-HSIU	1,583	2,087	0	0	234	2,151	0	0	0	0	0.99%	2.32%	None
Total		6,969	11,942	961	961	1,130	12,466	0	0	0	0	4.95%	13.86%	None

*** Regardless of title, any position equivalent to general manager or vice president(For example: President, CEO, Director...etc.etc.)All of these should be disclosed.**

Range of Remuneration

Range of remuneration paid to each of the Company's General Manager Deputy General Manager	Name of the General Manager and Deputy General Manager	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) E
Under NT$ 1,000,000		
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	TSAI,CHI-HSIU	
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	YEH,WEI-LI, KUO,CHUN-HSIUNG, YU,I-NENG	
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)		TSAI,CHI-HSIU
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)		YEH,WEI-LI, KUO,CHUN-HSIUNG, YU,I-NENG
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)		
NT$100,000,000 or over		
Total	4 people	4 people

Note 1: The names of the general manager and vice president should be listed separately to disclose the amount of each benefit in a summary manner. If a director is also a general manager or vice president, he/she should fill in this table and the Table (1-1) and (1-2).

Note 2: The most recent annual salary, duty increment and severance pay of the president and vice president are included.

Note 3: The amount of bonuses, incentives, transportation expenses, special expenses, allowances, dormitories, provision of cars for the president and vice presidents for the most recent year are included. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. If the director have a driver, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 4: The amount of employee compensation (including stock and cash) for the president and vice president approved by the board of directors in the most recent year is included. If the amount cannot be estimated, the proposed distribution for this year is calculated in proportion to the actual distribution last year, and the following table should also be included. Net income after tax refers to the net income after tax of the most recent year.If IFRSs have been adopted, net income after tax is the net income after tax of the most recent year for individual or separate financial statements.

Note 5: The total amount of each remuneration paid to the Company's General Manager Deputy General Manager by all companies in the consolidated report (including the Company) should be disclosed.

Note 6: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the General Manager Deputy General Manager at the level of vesting.

Note 7: The total amount of each remuneration paid to each General Manager Deputy General Manager of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the General Manager Deputy General Manager should be disclosed at the level to which they belong.

Note 8: The net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 9: a. This column should clearly indicate the amount of remuneration received by the general managers and deputy general managers of the Company from reinvestment businesses other than subsidiaries or the parent company (if none, please enter "none")

b. If the general manager and deputy general manager of the Company receive remuneration from a subsidiary other than the re-investment businesses or a parent company, the remuneration received by the general manager and deputy general manager of the Company from a subsidiary other than the re-investment businesses or a parent company should be included in column E of the remuneration scale and the name of the column should be changed to "Parent Company and All Re-investment Businesses".

c. Remuneration refers to the compensation, remuneration (including employee, director's and supervisor's remuneration) and business execution expenses related to the General Manager's and Deputy General Manager's role as a director, supervisor or manager of a business other than a subsidiary transferring to an investee company or a parent company.

*The compensation disclosed in this table is different from the concept of income under the Income Tax Act, therefore, the purpose of this table is for information disclosure and not for tax purposes.

Note 10: 退休解任 Jun. 30, 2020.

(4) Name of manager for employee bonus distribution and the circumstances of distribution: None

(5) The remuneration of the top five highest paid senior managers in the listed companies are disclosed separately if:None

(I) The remuneration of individual directors and supervisors should be disclosed if the parent only or individual financial report has a loss after tax for the last three years.However, except for the most recent year when the parent only or individual financial reports have generated net income after tax and are sufficient to cover the accumulated losses.

(II) Listed companies that have been evaluated in the last tier of corporate governance in the most recent year, or have been subject to a change in trading practices, suspension of trading, termination of listing, or other actions that have been approved by the Corporate Governance Evaluation Committee as being unacceptable as of the printing date of the annual report.

4.An analysis of the total compensation paid to the Company's directors, supervisors, general manager and deputy general manager percentage of net income after tax for the most recent two-year period for the Company and all consolidated companies, respectively, and a description of the policy, standard and combination of compensation payments, the process for setting compensation, and the relationship to operating performance and future risks:

(1).The Company Total remuneration paid to The Company directors, supervisors, general manager and deputy general manager as a percentage of net income after tax for the last two years:

	2021 Ratio of total remuneration to net income after tax (%)		2022 Ratio of total remuneration to net income after tax (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	(5.02)	(16.86)	8.04	24.69
General Manager and Deputy General Manager	(4.85)	(11.92)	4.95	13.86

(2).The Company's policy, criteria and composition of compensation payments, procedures for setting compensation, and the correlation with operating performance and future risks

The Company may pay remuneration to its directors and supervisors for the performance of their duties, regardless of the Company's operating profit or loss. The remuneration shall be determined by the extent of their participation in the Company's operations and the value of their contributions, and shall not exceed 15% of the maximum salary stipulated in the Company's salary plan. The remuneration of directors and supervisors shall not exceed three percent of the available earnings. The salaries of the President and Vice President are determined in accordance with the "Salary Management Regulations" and are based on the content of the positions held and on industry standards; employee bonuses are paid in accordance with the annual audited earnings, Article 26 of the Company's Articles of Incorporation and employee performance. The Company's remuneration policy and amount are disclosed annually in the annual report in accordance with laws and regulations, and the appropriation of earnings is approved by the board of directors with limited future risk.

III. Implementation of Corporate Governance

1.Information on the operation of Board of Directors

(I). In recent years (2021.01.01~2022.04.30), there are 8 Board of Directors Meeting (A). The attendance of directors was as follows:

Title	Name(Note 1)	Attendance B	Attend by proxy	Attendance Rate (%) (B/A) (Note 2)	Remark
Chairman	YEH,CHIA-MING	8	0	100.00	
Directors	Fuhua Investment Co., Ltd. Representative: YEH,CHIA-HAO	8	0	100.00	
Directors	Fuhua Investment Co., Ltd. Representative: YEH,WEI-LI	8	0	100.00	
Directors	Fuhua Investment Co., Ltd. Representative: KUO,CHUN-HSIUNG	5	0	100.00	Retired/dismissed on 2021.08.31
Directors	Fuhua Investment Co., Ltd. Representative: YU,I-NENG	3	0	100.00	Assumed office on 2021.08.31
Independent Director	HUANG,CHUN-JEN	8	0	100.00	
Independent Director	SU,PO-CHENG	8	0	100.00	
Independent Director	TSAI,CHI-CHUN	8	0	100.00	Newly elected on 2020.06.11

Other mentionable items:

1. If the Board of Directors' meeting is held under any of the following circumstances, the date and date of the meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors shall be stated.

(I) The matters listed in Article14-3 of the Securities and Exchange Act.

Date of the meetings	Content of Proposals
2021/01/22 17th Board 5th Meeting	(1) The payment of year-end bonus for 2020 by the chairman of the board of directors, Mr. YEH,CHIA-MING, the General Manager, Mr. YEH,WEI-LI, and Deputy Chairman YEH,CHIA-HAO, was approved. (2) Approved the payment of year-end bonus for the year 2020 to KUO,CHUN-HSIUNG, Special Assistant to the Chairman of the Board of Directors of the Company. (3) The endorsement and guarantee case for Vietnam Deli Industrial Co. was approved. (4) Approved the restructuring of the Group's investment in EDEN ROAD INTERNATIONAL LIMITED. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.
2021/03/15 17th Board 6th Meeting	(1) The renewal of the directors' and supervisors' liability insurance with Shin Kong Insurance Co. was approved. (2) Approved the case of investment in China. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.
2021/04/28 17th Board 7th Meeting	(1) Approved the distribution of cash in the capital reserve of the Company. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.
2021/05/11 17th Board 8th Meeting	(1) Approved the non-repatriation of surplus from overseas investment companies prior to 2020. (2) Approved factory closing for Era Nouveau International Co., Ltd. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.

Title	Name(Note 1)	Attendance B	Attend by proxy	Attendance Rate (%) (B/A) (Note 2)	Remark

Date of the meetings	Content of Proposals
2021/06/30 17th Board 9th Meeting (Temporary)	(1) Approved the discussion item on loaning of funds to Vietnam DE LICACY INDUSTRIAL CO., LTD. (2) Approved discussion item on the proposed donation of NT$3 million from the Company to De Licacy Education Foundation. (3) Approved discussion item on the proposed establishment of the Company's first Chief Corporate Governance Officer. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.
2021/08/10 17th Board 11th Meeting	(1) Approved the discussion item on the joint credit agreement with O-Bank Co., Ltd. as the host bank and Syndicated Loans as the managing bank, with a total credit amount of NT$22 billion. (2) Approved the discussion item on the joint credit agreement for De Shen (Cayman) Holdings Co., Ltd. with O-Bank Co., Ltd. as the host bank and Syndicated Loans as the managing bank, with a total credit amount of USD 28 million. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.
2021/11/10 17th Board 12th Meeting	(1) Approved the discussion item on change of CPA due to internal adjustment of the accounting firm. (2) Approved the discussion item on the endorsement/guarantee for E-GLOBAL INTERNATIONAL COMPANY LIMITED. (3) Approved the discussion item on the endorsement/guarantee for NEW LAKE LIMITED. (4) Approved the discussion item on the authorization for relocating the factory of Zhejiang Fu Fa Textile Co., Ltd. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.
2022/01/14 17th Board 13th Meeting	(1) Approved the discussion item on the endorsement/guarantee for Vietnam DE LICACY INDUSTRIAL CO., LTD. (2) Approved the discussion item on the distribution of 2021 annual bonus for the chairman YEH, CHIA-MING, the deputy chairman YEH, CHIA-HAO, and general manager YEH, WEI-LI. (3) Approved the discussion item on the distribution of 2021 year-end bonus for chief financial officer and chief accounting officer, YU, I-NENG, who also work concurrently as executive deputy general manager. (4) Approved the discussion item on the salary adjustment for the chairman YEH, CHIA-MING, deputy chairman, YEH, CHIA-HAO, and general manager, YEH, WEI-LI. (5) Approved the discussion item on salary adjustment for the chief financial officer and chief accounting officer, YU, I-NENG, who also work concurrently as executive deputy general manager. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.
2022/03/24 17th Board 14th Meeting	(1) Approved the discussion item on loaning of funds to Vietnam DE LICACY INDUSTRIAL CO., LTD. (2) Approved the discussion item for proposed renewal of insurance on directors and supervisors' liability insurance with Shinkong Insurance Co., Ltd. (3) Approved the lifting of the prohibition of chairman YEH, CHIA-MING, the representative of the institutional director and the deputy chairman YEH, CHIA-HAO, and the representative of the institutional director and general manager YEH, WEI-LI working in competitive businesses. (4) Approved the lifting of the prohibition of the representative of institutional director and executive deputy general manager, YU, I-NENG (5) Approved the discussion item on the amendment to the Company's Procedures for the Acquisition or Disposal of Assets. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.
2022/04/29 17th Board 15th Meeting	(1) Approved the distribution of cash in the capital reserve of the Company Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.

Title	Name(Note 1)	Attendance B	Attend by proxy	Attendance Rate (%) (B/A) (Note 2)	Remark
2022/05/10 17th Board 16th Meeting	(1) Approved the endorsement and guarantee for EDEN ROAD INTERNATIONAL LIMITED(Place of registration: Hong Kong) (2) Approved the endorsement and guarantee for APEX TEXTILE CO.,LTD (3) Approved the non-repatriation of surplus from overseas investment companies prior to 2021. Opinion of Independent Director: None. The Company's Handling of the Opinions of Independent Director: None. RESOLUTION: The resolution was passed by all directors present.				

(II) Other than the foregoing, other resolutions of the Board of Directors that were opposed or qualified by the independent directors and for which records or written statements are available: The independent directors of the Company concurred with the significant resolutions of the Board of Directors and did not have any opposing or qualified opinions.

2. In the case of recusal of a director from the implementation of an interest motion, the name of the director, the content of the motion, the reasons for recusal and the circumstances of participation in voting should be stated:

Date and session of Board Meeting	Name of director	Content of motion	Reason for conflict of interest avoidance	participation in voting
2021/01/22 17th Board 5th Meeting	Chairman YEH, CHIA-MING Representative of institutional director and Deputy Chairman YEH, CHIA-HAO Representative of institutional director and general manager YEH, WEI-LI	Discussion on the distribution of 2020 year-end bonus forChairman YEH, CHIA-MING, general manager YEH, WEI-LI and deputy chairman YEH, CHIA-HAO	If the motion involves an individual's own interests, such individual shall avoid conflict of interests in accordance with the law and shall not participate in the discussion and voting.	The Chairman of the Board of Directors, YEH, CHIA-MING, and the representative of the institutional director, YEH, CHIA-HAO and YEH, WEI-LI, are the managers of the Company and are brothers, so they recused themselves from the discussion and voting in accordance with the law. The remaining directors present did not object and the resolution was approved.
	Representative of institutional director and special assistant of chairman KUO, CHUN-HSUNG	Adoption of the remuneration for special assistant of chairman, KUO, CHUN-HSUNG	If the motion involves an individual's own interests, such individual shall avoid conflict of interests in accordance with the law and shall not participate in the discussion and voting.	The representative of the institutional director, KUO, CHUN-HSUNG, is the manager of the Company, so he recused himself from the discussion and voting in accordance with the law. The remaining directors present did not object and the resolution was approved.
2022/01/14 17th Board 13th Meeting	Chairman YEH, CHIA-MING Representative of institutional director and Deputy Chairman YEH, CHIA-HAO Representative of institutional director and general manager YEH, WEI-LI	Discussion on the distribution of 2021 annual bonus for the chairman YEH, CHIA-MING, the deputy chairman YEH, CHIA-HAO, and general manager YEH, WEI-LI.	If the motion involves an individual's own interests, such individual shall avoid conflict of interests in accordance with the law and shall not participate in the discussion and voting.	The Chairman of the Board of Directors, YEH, CHIA-MING, and the representative of the institutional director, YEH, CHIA-HAO and YEH, WEI-LI, are the managers of the Company and are brothers, so they recused themselves from the discussion and voting in accordance with the law. The remaining directors present did not object and the resolution was approved.
	Representative of institutional director and executive deputy general manager, YU, I-NENG	Discussion on the distribution of 2021 year-end bonus for chief financial officer and chie accounting officer, YU, I-NENG, who also work concurrently as executive deputy general manager	If the motion involves an individual's own interests, such individual shall avoid conflict of interests in accordance with the law and shall not participate in the discussion and voting.	The representative of the institutional director, YU, I-NENG, is the manager of the Company, so he recused himself from the discussion and voting in accordance with the law. The remaining directors present did not object and the resolution was approved.
	Chairman YEH, CHIA-MING Representative of institutional director and Deputy Chairman YEH, CHIA-HAO Representative of institutional director and general manager YEH, WEI-LI	Discussion on the salary adjustment for the chairman YEH, CHIA-MING, deputy chairman, YEH, CHIA-HAO, and general manager, YEH, WEI-LI	If the motion involves an individual's own interests, such individual shall avoid conflict of interests in accordance with the law and shall not participate in the discussion and voting.	The Chairman of the Board of Directors, YEH, CHIA-MING, and the representative of the institutional director, YEH, CHIA-HAO and YEH, WEI-LI, are the managers of the Company and are brothers, so they recused themselves from the discussion and voting in accordance with the law. The remaining directors present did not object and the resolution was approved.

Title	Name(Note 1)	Attendance B	Attend by proxy	Attendance Rate (%) (B/A) (Note 2)	Remark
	Representative of institutional director and executive deputy general manager YU, I-NENG	Discussion on salary adjustment for the chief financial officer and chief accounting officer, YU, I-NENG, who also work concurrently as executive deputy general manager	If the motion involves an individual's own interests, such individual shall avoid conflict of interests in accordance with the law and shall not participate in the discussion and voting.		The representative of the institutional director, YU, I-NENG, is the manager of the Company, so he recused himself from the discussion and voting in accordance with the law. The remaining directors present did not object and the resolution was approved.
2022/03/24 17th Board 14th Meeting	Chairman YEH, CHIA-MING Representative of institutional director and Deputy Chairman YEH, CHIA-HAO Representative of institutional director and general manager YEH, WEI-LI	The lifting of the prohibition o chairman YEH, CHIA-MING, the representative of the institutional director and the deputy chairman YEH, CHIA-HAO, and the representative of the institutional director and general manager YEH, WEI-LI working in competitive businesses	If the motion involves an individual's own interests, such individual shall avoid conflict of interests in accordance with the law and shall not participate in the discussion and voting.		The Chairman of the Board of Directors, YEH, CHIA-MING, and the representative of the institutional director, YEH, CHIA-HAO and YEH, WEI-LI, are the managers of the Company and are brothers, so they recused themselves from the discussion and voting in accordance with the law. The remaining directors present did not object and the resolution was approved.
	Representative of institutional director and executive deputy general manager YU, I-NENG	The lifting of the prohibition o the representative of institutional director and executive deputy general manager, YU, I-NENG	If the motion involves an individual's own interests, such individual shall avoid conflict of interests in accordance with the law and shall not participate in the discussion and voting.		The representative of the institutional director, YU, I-NENG, is the manager of the Company, so he recused himself from the discussion and voting in accordance with the law. The remaining directors present did not object and the resolution was approved.

3. The listed company shall disclose the periodicity and duration, scope, manner and content of the evaluation of the self- (or peer) evaluation by the board of directors, and fill out Appendix 2(2) on the implementation of the evaluation by the board of directors.

Status of implementation on the evaluation of the Board of Directors:

Evaluation cycle(Note 1)	Evaluation period(Note 2)	Evaluation scope(Note 3)	Evaluation methods(Note 4)
Executed once a year	2021.01. 01~2021.12. 31	The Board of Directors Individual Board Members Audit Committee and Compensation Committee	Self-evaluation by the members Self-evaluation by the members of the Board of Directors

Evaluation content (Note 5)
(1) Evaluation on the performance of the Board of Directors: Participation in the Company's operations, enhancement of the quality of board decisions, board composition and structure, selection and continuing education of directors, and internal control. (2) Evaluation on the performance of individual members of the Board: The company's objectives and tasks, the directors' awareness of their responsibilities, their involvement in the company's operations, internal relations and communication, the directors' professional and continuing education, and internal control. (3) Evaluation on the Performance of the Functional Committee: Participation in the company's operations, awareness of functional committee responsibilities, improvement of the quality of functional committee decisions, composition and selection of functional committee members, and internal control.

Note 1: This represents the execution cycle of the Board of Directors' evaluation.

Note 2: The period covered by the Board of Directors' evaluation is included.

Note 3: The scope of the evaluation includes the performance evaluation of the Board of Directors, individual board members and functional committees.

Note 4: The methods of evaluation include internal self-evaluation by the board of directors, self-evaluation by board members, peer evaluation, appointment of external professional organizations, experts or other appropriate methods for performance evaluation.

Note 5: The evaluation includes at least the following items according to the scope of the evaluation.

(1) Evaluation on the performance of the Board of Directors: Participation in the Company's operations, enhancement of the quality of board decisions, board composition and structure, selection and continuing education of directors, and internal control.

(2) Evaluation on the performance of individual members of the Board: The company's objectives and tasks, the directors' awareness of their responsibilities, their involvement in the company's operations, internal relations and communication, the directors' professional and continuing education, and internal control.

(3) Evaluation on the Performance of the Functional Committee: Participation in the company's operations, awareness of functional committee responsibilities, improvement of the quality of functional committee decisions, composition and selection of functional committee members, and internal control.

Title	Name(Note 1)	Attendance B	Attend by proxy	Attendance Rate (%) (B/A) (Note 2)	Remark

Note 6: Please refer to the Company's website for the self-assessment results of the Board of Directors' performance evaluation for 2021.

4. Assessment of the current and most recent year's goals for enhancing the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and their implementation:

(1).The Company continues to implement the immediate announcement of significant resolutions of the Board of Directors on the Company's website and the reporting of financial and business information on the Market Observation Post System (MOPS) in accordance with the regulations, and to take out liability insurance for directors and supervisors in order to enhance the transparency of information on the Company's operations and to protect the interests of shareholders.

(2).The Company has established an audit committee to strengthen the functions of the board of directors and to implement corporate governance.

(3).For 2021 and up to the printing date of the annual report, the motions listed in accordance with the Company Act and Article 14-3 and Article 14-5 of the Securities and Exchange Act that should be submitted to the Audit Committee for approval or that must be submitted to the Board of Directors for resolution are submitted to the Board of Directors for resolution and execution after the Audit Committee has approved them.

(4).In accordance with the amended provisions of the Financial Supervisory Commission, the Company approved the amendments to the "Procedures for Handling the Acquisition or Disposal of Assets", "Procedures for Endorsement and Guarantee" and "Procedures for Lending Funds to Others" at the 13th meeting of the 16th Board of Directors on March 18, 2019.

(5).In accordance with the amended provisions of the Financial Supervisory Commission, the Company approved the amendments to the "Procedures for Lending Funds to Others" and the "Internal Control System" at the 17th meeting of the 16th Board of Directors on November 4, 2019.

(6). In accordance with the amended provisions of the Financial Supervisory Commission, the Company approved the amendment to the "Procedures for Governing the Acquisition or Disposal of Assets" at the 14th Meeting of the 17th Board of Directors on March 24, 2022.

Note 1: If a director or supervisor is a corporation, the name of the corporation's shareholder and the name of its representative shall be disclosed.

Note 2: (1) If a director or supervisor vacates his or her position prior to the end of the year, the date of vacancy should be indicated in the Remarks column, and the actual attendance rate (%) should be calculated based on the number of meetings of the Board of Directors and the actual number of attendance during his or her employment.

(2) If there is a change of director and supervisor before the end of the year, the new and old director and supervisor should be listed, and the date of change should be indicated in the Remarks column as the old, new or re-elected director and supervisor. The actual attendance rate (%) is calculated based on the number of meetings held by the Board of Directors and the actual number of attendance during the term of his employment.

(2) Attendance of Members at Audit Committee Meetings:

In recent years (2021.01.01~2022.04.30), there are 9 Audit Committee Meeting (A). The attendance of independent directors was as follows:

Title	Name	Attendance B	Attend by proxy	Attendance Rate (%) (B/A)(Note)	Remark
Independent Director	HUANG,CHUN-JEN	9	0	100.00	
Independent Director	SU,PO-CHENG	9	0	100.00	
Independent Director	TSAI,CHI-CHUN	9	0	100.00	

Other mentionable items:

1. The operation of the Audit Committee shall be described, the date of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or material recommendations of the independent directors, the results of the Audit Committee resolution, and the Company's handling of the Audit Committee's opinion if any of the following circumstances apply:

(1) The matters listed in Article14-5 of the Securities and Exchange Act.

1. Jan. 22, 2021 (2nd Committee 4th Meeting) Audit Committee:

(1) Lending of funds to Vietnam Deli Industrial Co.

(2) Discussion on the endorsement and guarantee case for Vietnam Deli Industrial Co.

(3) The endorsement and guarantee case for Victory Cayman Holdings Co., Ltd.

(4) The endorsement and guarantee case for APEX (ANQING)TEXTILE CO.,LTD.

(5) The endorsement and guarantee case for TOTAL EXPRESS LIMITED.

(6) Discussion on the endorsement and guarantee case for EDEN ROAD INTERNATIONAL LIMITED (domiciled in the Virgin Islands)

(7) Discussion on the endorsement and guarantee case for EDEN ROAD INTERNATIONAL LIMITED (Registered Office: Hong Kong)

(8) Discussion on the endorsement and guarantee case for DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.

(9) Approved the restructuring of the Group's investment in EDEN ROAD INTERNATIONAL LIMITED

The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.

The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.

2. Mar. 15, 2021 (2nd Committee 5th Meeting) Audit Committee:
   (1) Discussion on Business Report, Financial Statements and Consolidated Financial Statements for 2020
   (2) Discussion on the appropriation of losses for the year 2020
   (3) The Company 2020 “Statement of Internal Control System”.
   (4) The endorsement and guarantee case for Hangzhou Deli Textile Co., Ltd.
   (5) The endorsement and guarantee case for Vietnam Deli Industrial Co.
   (6) Lending of funds to Vietnam Deli Industrial Co.
   (7) The renewal of the directors’ and supervisors’ liability insurance with Shin Kong Insurance Co.
   (8) The case of investment in China.
   The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
   The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.
3. Apr. 28, 2021 (2nd Committee 6th Meeting) Audit Committee:
   (1) Discussion on the distribution of cash in the capital reserve of the Company.
   The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
   The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.
4. May. 11, 2021 (2nd Committee 7th Meeting) Audit Committee:
   (1) Discussion on the endorsement/guarantee for EDEN ROAD INTERNATIONAL LTD.
   (2) Discussion on the endorsement/guarantee for DE LICACY INDUSTRIAL CO., LTD.
   (3) Discussion on the endorsement/guarantee for NEW LAKE LIMITED.
   (4) Discussion on the endorsement/guarantee for Apex (An Qing) Textile Co., Ltd.
   (5) Discussion on not remitted back the earnings of the overseas re-invested businesses before 2020.
   (6) The report on closing the business operation of Era Nouveau International Co., Ltd.
   The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
   The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.
5. Jun. 30, 2021 (2nd Committee 8th Meeting) Audit Committee(Temporary):
   (1) Discussion on loaning of funds to Vietnam DE LICACY INDUSTRIAL CO., LTD.
   (2) Discussion on the endorsement/guarantee for HANGZHOU DE LICACY TEXTILE CO. , LTD.
   (3) Discussion on the endorsement/guarantee for NEW LAKE LIMITED.
   (4) Discussion on the endorsement/guarantee for Vietnam DE LICACY INDUSTRIAL CO., LTD.
   (5) Discussion on the proposed donation of NT$3 million from the Company to De Licacy Education Foundation.
   (6) Discussion on the proposed establishment of the Company’s first Chief Corporate Governance Officer.
   The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
   The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.
6. Aug. 10, 2021 (2nd Committee 9th Meeting) Audit Committee:
   (1) Discussion on 2021 Q2 Consolidated Financial Statements.
   (2) The discussion item on the joint credit agreement with O-Bank Co., Ltd. as the host bank and Syndicated Loans as the managing bank, with a total credit amount of NT$22 billion.
   (3) Discussion on the endorsement/guarantee of CHADTEX INDUSTRIAL CO., LTD.
   (4) Discussion on the endorsement/guarantee of HANGZHOU DE LICACY TEXTILE CO. , LTD
   (5) Discussion on the endorsement/guarantee of Xinhu Limited.
   (6) Discussion item on the joint credit agreement for De Shen (Cayman) Holdings Co., Ltd. with O-Bank Co., Ltd. as the host bank and Syndicated Loans as the managing bank, with a total credit amount of USD 28 million.
   The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
   The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.
7. Nov. 10, 2021 (2nd Committee 10th Meeting) Audit Committee:
   (1) Endorsement/guarantee for Apex (An Qing) Textile Co., Ltd.
   (2) Discussion on 2022 budget.

(3) Discussion on 2022 auditing plan.
(4) Discussion on change of CPA due to internal adjustment of the accounting firm.
(5) Discussion on the independence assessment of CPA in 2021.
(6) Discussion on the endorsement/guarantee for E-GLOBAL INTERNATIONAL COMPANY LIMITED.
(7) Discussion on the endorsement/guarantee for DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.
(8) Discussion on the endorsement/guarantee for NEW LAKE LIMITED.
(9) Discussion on the endorsement/guarantee for DE SHEN (CAYMAN) HOLDINGS CO., LTD.
(10) Discussion on the authorization for relocating the factory of Zhejiang Fu Fa Textile Co., Ltd.
The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.

8. Jan. 14, 2022 (2nd Committee 11th Meeting) Audit Committee:
(1) Adoption of endorsement/guarantee for CHADTEX INDUSTRIAL CO., LTD.
(2) Discussion on endorsement/guarantee for Vietnam DE LICACY INDUSTRIAL CO., LTD.
(3) Discussion on the endorsement/guarantee for EDEN ROAD INTERNATIONAL LIMITED (Place of Registration: Hong Kong).
(4) Discussion on the endorsement/guarantee for Anqing Fa Textile Co., Ltd.
(5) Discussion on the endorsement/guarantee for TOTAL EXPRESS LIMITED (place of registration: Republic of Seychelles)
(6) Discussion on the endorsement/guarantee for Hangzhou De Licacy Textile Co., Ltd.
The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.

9. Mar. 24, 2022 (2nd Committee 12th Meeting) Audit Committee:
(1) Discussion on the Business Report and 2021 Parent Only Financial Statement and Consolidated Financial Statement.
(2) Discussion on the submitted proposal of 2021 “Statement of Internal Control System”.
(3) Discussion on the endorsement/guarantee of HANGZHOU DE LICACY TEXTILE CO. , LTD.
(4) Discussion on the endorsement/guarantee for Vietnam DE LICACY INDUSTRIAL CO., LTD.
(5) Discussion on the endorsement/guarantee for NEW LAKE LIMITED.
(6) Discussion on loaning of funds to Vietnam DE LICACY INDUSTRIAL CO., LTD.
(7) Discussion for proposed renewal of insurance on directors and supervisors' liability insurance with Shinkong Insurance Co., Ltd.
(8) Discussion on the amendment to the Company’s Procedures for the Acquisition or Disposal of Assets.
(9) The lifting of the prohibition of chairman YEH, CHIA-MING, the representative of the institutional director and the deputy chairman YEH, CHIA-HAO, and the representative of the institutional director and general manager YEH, WEI-LI working in competitive businesses.
(10) The lifting of the prohibition of the representative of institutional director and executive deputy general manager, YU, I-NENG.
The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.

10. Apr. 29, 2022 (2nd Committee 13th Meeting) Audit Committee:
(1)Discussion on 2021 Surplus Distribution
(2)Discussion on the distribution of cash in capital reserve of the Company
The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.

11. May. 10, 2022 (2nd Committee 14th Meeting) Audit Committee:
(1)Approved the endorsement and guarantee for EDEN ROAD INTERNATIONAL LIMITED(Place of registration: Hong Kong)
(2)Approved the endorsement and guarantee for APEX TEXTILE CO.,LTD
(3)Discussion on not remitted back the earnings of the overseas re-invested businesses before 2021.
The result of the resolution of the Audit Committee: The resolution of the Audit Committee was approved by all members of the Audit Committee.
The Company's handling of the Audit Committee's opinion: All directors present agreed to pass the resolution in accordance with the Audit Committee's resolution.

(2) Except for the preceding matters, other matters not approved by the Audit Committee and approved by two-thirds of all directors: None.

2. In the case of recusal of an independent director from the implementation of an interest motion, the name of the independent director, the content of the motion, the reasons for recusal and the circumstances of participation in voting should be stated: None.

3. Communication between the independent directors and the internal auditors and accountants (including the material matters, manner and results of communication regarding the Company's financial and business conditions).

(1) The independent directors and the head of internal audit communicate with each other through quarterly meetings of the board of directors, and the head of internal audit regularly reports on audit operations to the independent directors at these meetings. There were no such special circumstances in the year 2021 and up to the date of the annual report. The independent directors of the Company have good communication with the head of internal audit.

Communications among independent directors and internal audit supervisors:

Date of the meetings	Communication Items	Communication Results
Jan. 22, 2021	2020 Season 4 Implementation Report on Internal Audit Business	Approved by Independent Directors
Mar. 15, 2021	2020 "Statement of Internal Control System"	Approved by Independent Directors
May. 11, 2021	2021 Season 1 Implementation Report on Internal Audit Business	Approved by Independent Directors
Aug. 10, 2021	2021 Season 2 Implementation Report on Internal Audit Business	Approved by Independent Directors
Nov. 10, 2021	2021 Season 3 Implementation Report on Internal Audit Business	Approved by Independent Directors
	2022 Audit Plan	Approved by Independent Directors
Mar. 24, 2022	2021 Season 4 Implementation Report on Internal Audit Business	Approved by Independent Directors
	2021 "Statement of Internal Control System"	Approved by Independent Directors

(2) The independent directors and the certifying accountant communicate with each other through post-audit or post-review meetings. The certifying accountant communicates with the independent directors and the chief financial officer on a quarterly basis regarding the results of the audit or review of the financial statements and whether there is any impact on the adjustment of the financial statements or other related statutory amendments. There were no such special circumstances in the year 2021 and as of the date of this annual report. The independent directors of the Company have good communication with the certified accountants.

Communications among independent directors and the CPAs:

Date of the meetings	Communication Items	Communication Results
Mar. 2, 2021	To discuss the audit of the financial statements for the year 2020, including the problems encountered in the audit process and the explanations for adjusting the financial statements.	Approved by Independent Directors
Apr. 29, 2021	To discuss the review of the financial statements for 2021 Q1, including problems encountered in the review process and explanations of adjustments to the financial statements	Approved by Independent Directors
Jul. 30, 2021	To discuss the review of the financial statements for 2021 Q2, including problems encountered in the review process and explanations of adjustments to the financial statements	Approved by Independent Directors
Oct. 27, 2021	Review of the qualifications, independence and suitability of the certifying accountant To discuss the review of the financial statements for 2021 Q3, including problems encountered in the review process and explanations of adjustments to the financial statements	Approved by Independent Directors
Mar. 2, 2022	To discuss the audit of the financial statements for the year 2021, including the problems encountered in the audit process and the explanations for adjusting the financial statements.	Approved by Independent Directors

Note: (1) If an independent director vacates his or her position prior to the end of the year, the date of vacancy should be indicated in the Remarks column, and the actual attendance rate (%) should be calculated based on the number of meetings of the Audit Committee and the actual number of attendance during his or her employment.

(2) If there is a change of independent directors before the end of the year, the new and old independent directors should be listed, and the date of change should be indicated in the Remarks column as the old, new or re-elected independent directors. The actual attendance rate (%) is calculated based on the number of meetings held by the Audit Committee and the actual number of attendance during the term of his employment

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(3) If a company has a compensation committee, it should disclose its composition, duties and operation:

The Compensation Committee is responsible for assisting the Board of Directors in formulating policies and related measures for the evaluation of performance and compensation of directors, supervisors and managers of the Company based on a combination of factors such as the Company's operating performance, individual performance, industry standards and future risks, and evaluating them on a regular basis.

1. Information on Remuneration Committee Members

Title (Note 1)	Criteria / Name	Professional qualifications and experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (convener)	HUANG, CHUN-JEN	(Note 5)	(Note 5)	None
Independent Director	SU,PO-CHENG	(Note 5)	(Note 5)	None
Others	CHIANG, SHU-CHING	Taiwan Plastic Products Industry Association - Administrative (Accounting, General Affairs) Team Leader	Among the members of the Remuneration Committee of the Company, none of the members of the Remuneration Committee, Mr. Jiang, Shu-Qing and his spouse and relatives within the second degree are directors, supervisors or employees of the Company and its related companies, and they hold less than 1% of the issued shares of the Company, confirming the independence of Mr. Jiang, Shu-Qing and his spouse and relatives within the second degree vis-à-vis the Company.	None

Note 1:Please specify the relevant years of experience, professional qualifications and experience and independence of each member of the Compensation Committee in the form, and in the case of independent directors, please refer to Schedule 1 on page oo Information of Directors and Supervisors (I) for details of relevant information. Please indicate whether you are a director, independent director or others (if you are a convener, please add a note).

Note 2:Professional qualifications and experience: Please specify the professional qualifications and experience of the members of Remuneration Committee.

Note 3:Meet Independence Criteria: Specify whether the members of the Compensation Committee are independent, including, but not limited to, whether they are directors, supervisors or employees of the Company or its affiliates, or whether they are spouses or relatives of second degree kinship; number and proportion of shares held by the individual, spouse, relatives of second degree kinship, etc. (or by nominee agreement); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (as stipulated in Article 6, Paragraph 1, Paragraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration for business, legal, financial and accounting services provided by the Company or its affiliates in the last two years

Note 4:Please refer to the sample of best practice principles on Corporate Governance Center, Taiwan Stock Exchange Exchange for disclosure methods.

Note 5:Please refer to Schedule 1 on page 11 for the Directors' Information.

2. Attendance of Members at Remuneration Committee Meetings:

(1) There are 3 members in the Remuneration Committee.

(2) The term of office of the current members: June 19, 2020 to June 18, 2023, the Most recent year (2021.01.01 to 2022.04.30) the Salary and Compensation Committee held four meetings (A), and the qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)(Note)	Remark
Convener	HUANG,CHUN-JEN	4	0	100.00	
Committee member	SU,PO-CHENG	4	0	100.00	
Committee member	CHIANG,SHU-CHING	4	0	100.00	
Other mentionable items: 1.If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (If the compensation approved by the Board of Directors is better than that recommended by the Compensation Committee, the difference should be stated and the reasons for the difference): None. 2.Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.					

Note: (1) If a remuneration committee member vacates his or her position prior to the end of the year, the date of vacancy should be indicated in the Remarks column, and the actual attendance rate (%) should be calculated based on the number of meetings of the Remuneration Committee and The actual number of attendance during his or her employment.

(2) If there is a change of Remuneration Committee members before the end of the year, the new and old remuneration committee members should be listed, and the date of change should be indicated in the Remarks column as the old, new or re-elected remuneration committee members. The actual attendance rate (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of attendance during the term of his employment.

(3)The discussion and results of the Salary and Compensation Committee and the handling of the opinions of the members.

Remuneration Committee	Content of Proposals
1st meeting of 2021 2021.01.22 4th Committee 2nd meeting	1. Consider the payment of year-end bonuses to the Chairman and Manager of the Company for 2020. The result of the resolution of the Compensation Committee: All members of the Compensation Committee agreed to approve the resolution. The Company's Handling of the Opinions of Remuneration Committee: All the directors present agreed have approved.
2nd meeting of 2021 2021.03.15 4th Committee 3rd meeting	1. Review the salary and compensation programs to be implemented in 2021. 2. Consider the remuneration of employees and directors of the Company for 2020. The result of the resolution of the Compensation Committee: All members of the Compensation Committee agreed to approve the resolution. The Company's Handling of the Opinions of Remuneration Committee: All the directors present agreed have approved.
3rd meeting of 2021 2021.12.28 4th Committee 4th meeting	1. Review the salary adjustment for the chairman and managerial officers of the Company for 2022. 2. Deliberation on the distribution of 2021 year-end bonus for the chairman and managerial officers of the Company. The result of the resolution of the Compensation Committee: All members of the Compensation Committee agreed to approve the resolution. The Company's Handling of the Opinions of Remuneration Committee: All the directors present agreed have approved.
4th meeting of 2022 2022.03.24 4th Committee 5th meeting	1. Review the various proposed remuneration projects to be implemented in 2022. 2. Deliberation of the Company's employee remuneration and directors' remuneration in 2021. The result of the resolution of the Compensation Committee: All members of the Compensation Committee agreed to approve the resolution. The Company's Handling of the Opinions of Remuneration Committee: All the directors present agreed have approved.

(4) The Company and the Subsidiaries' Corporate Governance Status, Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status (Note)			Deviations from "the Corporate Governance Best Practice Principles" and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company established Corporate Governance Best Practice Principles and disclosed it on the Company's website and Market Observation Post System. The important principles in the "Code of Corporate Governance Practices for Listed Companies" - protection of shareholders' rights and interests, corporate governance relationship between the Company and its affiliates, strengthening the functions of the board of directors, performing the functions of the audit committee, respecting the rights and interests of stakeholders, and enhancing the transparency of information - have been explicitly stated and implemented in the Code, taking into account the Company's industrial environment and legal regulations.	No major difference
2. Shareholding structure & shareholders' rights (1) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedures?	✓		(1) In addition to the Company's shareholder suggestions, questions and disputes, the Company has a speaking system and the Company's share agent, MasterLink Securities Corporation, to handle shareholder suggestions and disputes. The company has also set up an investor contact box on the company's website, with a designated person responsible for serving shareholders' suggestions and providing immediate answers.	
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The Company's shareholder affairs are handled by a dedicated share agent, and a shareholder affairs officer maintains good contact with the major shareholders based on the list of shareholders provided by the share unit. In accordance with the regulations, the Company discloses the changes in shareholdings and pledges of shareholders who hold more than 10% of the shares. In accordance with the relevant laws and regulations, changes in the shareholdings of insiders (directors, managers and shareholders holding 10% or more of the total shares) are regularly reported to the Market Observation Post System.	No major difference
(3) Has the Company established and implemented risk management and firewall mechanisms with its affiliates?	✓		(3) The Company has established methods to control the financial operations, capital loans and endorsement guarantees between the Company and its affiliates, and has established the "Supervision and Management of Subsidiaries" operation to implement the risk control mechanism for its subsidiaries in accordance with the management regulations to control risks.	
(4) Has the Company established internal rules against insiders trading with undisclosed information?	✓		(4) The Company has established a "Code of Conduct for the Prevention of Insider Trading" that explicitly prohibits insiders from trading marketable securities using information that is not yet publicly available. We have also incorporated this standard into our Ethical Management Principles and Code of Ethical Conduct with respect to the confidentiality of confidential and commercially sensitive information.	
3. Composition and responsibilities of the Board of Directors (1) Does the Board of Directors formulate a diversity policy for its members and specific management objectives and fully implement and execute them?	✓		(1) The members of the Company's Board of Directors are executive diversified and there are seven directors (including three independent directors) with a three-year term of office. Based on the diversity approach, we measure the professional background,	No major difference

Evaluation Item	Implementation Status (Note)			Deviations from "the Corporate Governance Best Practice Principles" and Reasons
	Yes	No	Abstract Illustration	
			education, integrity or related professional qualifications, etc. Currently, all directors and independent directors of the Company have complete and rich academic experience and diverse composition.The selection of directors is based on the overall configuration of the Board of Directors. The knowledge, skills and qualities necessary for the execution of their duties should be generally possessed by the members of the Board of Directors are specified in the method of election of directors.The powers and duties of the Board of Directors shall be governed by the provisions of the Company's Articles of Incorporation. Among the Company's 3 independent directors, 2 directors will serve for a term of approximately 5 years and 1 director will serve for approximately 2 year. There are no directors who have served three consecutive terms.	
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) The Company has a Compensation Committee in accordance with the law. Please refer to the description of "Operation of the Compensation Committee" on pages 29-32 of this annual report and the Audit Committee on pages 26-29 of this annual report.	
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annual?	✓		(3) The Company has established the method of self-evaluation or peer evaluation by the Board of Directors, and will conduct self-evaluation for the year 2021 and submit the evaluation results to the 14th Meeting of the 17th Board of Directors on March 24, 2022. For details of the relevant evaluation cycle, evaluation period, evaluation scope, evaluation method and evaluation content, please refer to pages 23-24 of this annual report. The results of the evaluation will be used as a reference for individual directors' compensation planning and nomination for reappointment.	
(4) Does the Company regularly evaluate the independence of CPAs?	✓		(4) The Company respects the accounting firm's arrangement for the rotation of accountants and regularly submits to the Board of Directors for evaluation of the independence of the certified accountants. On November 10, 2021, the Audit Committee approved the proposal for the Board of Directors' approval to evaluate the independence and suitability of the certified public accountants. Please refer to the Company's website at http://www.delicacy.com.tw/h-tw /Investor / tw/Investor/Corporate Governance/Organizational Operations for the Accountant's Independence and Suitability Evaluation Form and the letter of declaration issued by the Company's certified public accountants. (Note 1)	
4. Has the TWSE/TPEx listed company set up a dedication (or concurrent) corporate governance unit or appointed personnel responsible for corporate governance related matters (including but not limited to providing the directors and supervisors with required information to carry out their business, handling corporate registration and change of corporate registration related matters and taking the minutes of meetings)?	✓		On June 30, 2021, the Company's Board of Directors appointed YU, I-NENG, Executive Deputy General Manager of Management and Chief Financial and Accounting Officer, as the Head of Corporate Governance to establish a corporate governance drive unit to protect shareholders' rights and strengthen the functions of the Board of Directors. The Management Division is the dedicated (concurrent) unit for corporate governance, who is responsible for corporate governance-related matter and its employees are regularly assigned to participate relevant education and training. The main duties of the staff are as follows: 1.The Board of Directors will consult with the directors before the meeting to plan and prepare the agenda, notify all directors to attend the meeting at least seven days before the meeting, and provide the meeting information before the meeting so that the directors can understand the content of relevant issues in advance; after the meeting,	No major difference

Evaluation Item	Implementation Status (Note)			Deviations from "the Corporate Governance Best Practice Principles" and Reasons
	Yes	No	Abstract Illustration	
			the minutes of the meeting will be prepared and sent to the directors within 20 days. 2.Each year, the Company registers the date of the shareholders' meeting in accordance with the legal deadline, and prepares and reports the notice of the shareholders' meeting, the manual and the minutes of the meeting by the required deadline. 3.If there is a motion to amend the articles of incorporation or to re-elect directors at the shareholders' meeting, an application for registration of the change should be made to the Ministry of Economic Affairs within 15 days after the shareholders' meeting. 4.According to the corporate governance evaluation indexes issued by the Center for Corporate Governance every year, we will check the company's achievement of the standards and the way to increase the scores one by one.	
5. Has the Company established communication channels and dedicated sections for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?	✓		The Company has a spokesperson, an acting spokesperson and a stock agent unit to communicate with the Company and its investors. The business, procurement and accounting units have established appropriate communication channels with major upstream and downstream vendors, banks and other related stakeholders. The company has set up a special electronic feedback and complaint box, and the head of the management department is responsible for handling complaints.	No major difference
6. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Company appoints a professional stock agent, MasterLink Securities Corporation Stock Agency Department, to conduct shareholder meetings.	No major difference
7. Disclosure of information (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) The Company's Chinese website has a special section for shareholders' information and is linked to the Market Observation Post System of the Stock Exchange. Shareholders may inquire about the Company's financial operations and corporate governance information on the Company's website. Please refer to the Company's website: http://www.delicacy.com.tw/zh-tw/Investor	No major difference
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information on collection and disclosure, creating a spokesperson system, webcasting investor conferences)?	✓		(2) 1. The Company has set up websites in both English and Chinese, with dedicated personnel responsible for collecting and disclosing relevant information. 2.The Company has a spokesperson and proxy spokesperson system. 3. The Company has set up the presentation and audio-visual files of the institutional investor conference on our website.	We will discuss the feasibility with the checking accountant in the future.
(3) Did the Company announce and declare the annual financial statement within two months at the end of the accounting year and announce and declare the Q1, Q2 and Q3 financial statement and monthly operational status prior to the deadline in the regulation?		✓	(3) In accordance with the relevant regulations, the Company shall announce and report its annual financial statements within 90 days after the end of the fiscal year, and report its quarterly financial statements within 45 days after the end of the first, second and third quarters.	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk	✓		1. Employee rights and benefits: The Company always treats its employees with honesty and trust and protects their legal rights and benefits in accordance with the Labor Standards Law. 2.Employee care: The Company establishes a good relationship with our employees through a welfare system that stabilizes their lives and a good education and training	No major difference

Evaluation Item	Implementation Status (Note)			Deviations from "the Corporate Governance Best Practice Principles" and Reasons
	Yes	No	Abstract Illustration	
management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			system that builds mutual trust and dependence. 3.Investor Relations: The Company has a spokesperson system, who is responsible for responding to investment corporations and handling shareholders' proposals. 4.Supplier relations: The Company maintains good relations with its suppliers to ensure the rights and interests of both parties. 5.Interested parties' rights: Interested parties may communicate with the Company and make suggestions in order to protect their legitimate rights and interests. 6.Directors (including independent directors) and managers for continuing education: (Note 2) and (Note 3) 7.Implementation of risk management policies and risk measurement standards: The Company has various internal rules and regulations for risk management and evaluation. 8.Implementation of customer policy: The company is committed to quality improvement and professional technology enhancement, through vertical integration of production and marketing, rapid development and production, to provide customers with competitive products to create company profits. 9.The Company purchases liability insurance for directors and supervisors: In accordance with Article 39 of the Code of Corporate Governance Practices, it is appropriate for the Company to purchase liability insurance for directors and supervisors during their term of office in respect of their liability under the law for the execution of their scope of business, in order to reduce and diversify the risk of significant damage to the Company and its shareholders caused by the directors' wrongful or negligent acts.	

9. According to the latest result of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explain the amendments or propose the priority measurements to the unimproved items: In response to the announcement of 8th corporate governance evaluation in 2021, which was conducted for the year of 2020, the Company has proposed the explanation for the improvement on the evaluation index for the Company that have not yet scored: (Not included in the appraised company need not be filled in)
The results of the 6th (2020) Corporate Governance Evaluation, the Company has made efforts to improve the scores, as follows:

(1) Improved situation;

Improved items	Improvement Measures
Annual report to be uploaded by 16 days before the regular shareholders' meeting	Uploaded to the Market Observation Post System on May 10, 2021
Annual financial report in English to be submitted 7 days before the regular shareholders' meeting	Uploaded to the Market Observation Post System on May 10, 2021
The financial statements are approved by the Board of Directors or submitted to the Board of Directors 7 days before the announcement deadline and published within 1 day after the approval date or submission date	Each quarterly financial report is approved by the Board of Directors or submitted to the Board of Directors 7 days prior to the announcement deadline and announced within the approval date

(2) Items yet to be implemented; the priority enhancements and measures expected to be carried out in 2022 are as follows.

Evaluation Item	Implementation Status (Note)			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	

Items not yet improved	Improvement Measures
Establish a dedicated (concurrent) unit to promote sustainable development, responsible for the formulation and supervision of the implementation of integrity management policies and prevention programs, and to explain the operation and implementation of the unit on the Company's website and in the annual report, and to report to the Board of Directors at least once a year	Establish a dedicated (concurrent) unit to promote sustainable development, responsible for the formulation and supervision of the implementation of integrity management policies and prevention programs, and to explain the operation and implementation of the unit on the Company's website and in the annual report, and to report to the Board of Directors at least once a year
Specific initiatives to promote sustainable development initiatives are regularly disclosed on the Company's website or in the annual report.	Specific initiatives to promote sustainable development initiatives are regularly disclosed on the Company's website or in the annual report.

Note: The operating conditions, regardless of whether "Yes" or "No" is checked, should be described in the summary description field.

2021 CPA Dependency and Competency Assessment Form
Date of assessment: October 31, 2021

(1) Profile:

CPA Name:	YANG, CHAO-CHING	CPA Firm:	Deloitte & Touche
Primary Education/Experiences:	Educational background: Bachelor, Accounting Department of Feng JIA University Professional qualification: CPA, R.O.C.		

(2) Details:

Refer to Article 47 of the CPA Act and Gazette No. 10 from CPA Occupational Ethics Regulations:

ITEM	Result
1. The case of CPA remained the same over past 7 years never happened as of the latest notarization.	■Yes □No
2. The subject never built a material financial stakeholder relationship with the principal.	■Yes □No
3. Any inappropriate relationship is avoided to build with the principal.	■Yes □No
4. CPA should make his assistants stick to honest, fairness and independency.	■Yes □No
5. Financial statements of service institution in 2 years prior to operation may not be notarized and audited.	■Yes □No
6. CPA title may not be shared with any third party.	■Yes □No
7. Never hold any shares of the Company and its affiliates.	■Yes □No
8. The subject never had loan with the Company and affiliates, except for normal transactions with banking industry.	■Yes □No
9. The subject never had common investment or shared interested relationship with the Company and affiliates.	■Yes □No
10. The subject never had concurrent routine jobs in the Company or affiliates with fixed salary.	■Yes □No
11. The subject never was involved in decision-making management functionality in the Company or affiliates.	■Yes □No
12. The subject never had concurrent position in another business which may lose independency.	■Yes □No
13. The subject has conneciton of spouse, direct blood relatives & direct in-laws, or Collateral blood relatives with the management of the Company does not require a visa.	■Yes □No
14. The subject never received any commission in connection with business.	■Yes □No
15. The subject never was sanctioned or impeded principal of independency as of now.	■Yes □No

(3) Performance and Plan:

1. Finished 2021 financial notarization for the Company as scheduled.
2. Finished subsidiaries' 2021 financial notarization including DE-FA INTERNATIONAL INDUSTRIAL CO., LTD., EDEN ROAD INTERNATIONAL LTD.,CHADTEX INDUSTRIAL CO., LTD., DE LICACY Holding Co., Ltd., COZY AV INTERNATIONAL CORP.
3. Provided the Company with financial and taxation consulting services irregularly.

(4) Result of Assessment:

THE CPA, YANG, CHAO-CHING has presented and expressed independency on diversified financial, taxation consultation as well as notarization for the Company timely without unfair statements.

Approved by: Made by:

2021 CPA Dependency and Competency Assessment Form
Date of assessment: October 31, 2021

(1) Profile:

CPA Name:	WANG, TENG-WEI	CPA Firm:	Deloitte & Touche
Primary Education/Experiences:	Education: Master, Accounting Department of National Cheng Kung University Professionalism: CPA, R. O. C.		

(2) Details:

Refer to Article 47 of the CPA Act and Gazette No. 10 from CPA Occupational Ethics Regulations:

Item	Result
1. The case of CPA remained the same over past 7 years never happened as of the latest notarization.	■Yes □No
2. The subject never built a material financial stakeholder relationship with the principal.	■Yes □No
3. Any inappropriate relationship is avoided to build with the principal.	■Yes □No
4. CPA should make his assistants stick to honest, fairness and independency.	■Yes □No
5. Financial statements of service institution in 2 years prior to operation may not be notarized and audited.	■Yes □No
6. CPA title may not be shared with any third party.	■Yes □No
7. Never hold any shares of the Company and its affiliates.	■Yes □No
8. The subject never had loan with the Company and affiliates, except for normal transactions with banking industry.	■Yes □No
9. The subject never had common investment or shared interested relationship with the Company and affiliates.	■Yes □No
10. The subject never had concurrent routine jobs in the Company or affiliates with fixed salary.	■Yes □No
11. The subject never was involved in decision-making management functionality in the Company or affiliates.	■Yes □No
12. The subject never had concurrent position in another business which may lose independency.	■Yes □No
13. The subject has conneciton of spouse, direct blood relatives & direct in-laws, or Collateral blood relatives with the management of the Company does not require a visa.	■Yes □No
14. The subject never received any commission in connection with business.	■Yes □No
15. The subject never was sanctioned or impeded principal of independency as of now.	■Yes □No

(3) Performance and Plan:

1. Finished 2021 financial notarization for the Company as scheduled.
2. Finished subsidiaries' 2021 financial notarization including DE-FA INTERNATIONAL INDUSTRIAL CO., LTD., CHADTEX INDUSTRIAL CO., LTD.
3. Provided the Company with financial and taxation consulting services irregularly.

(4) Result of Assessment:

THE CPA, LEE, CHI-JEN has presented and expressed independency on diversified financial, taxation consultation as well as notarization for the Company timely without unfair statements.

Approved by: Made

Recipient: DE LICACY INDUSTRIAL CO., LTD.

Subject: We accepted the assignment of auditing Your Esteemed Company's Financial Statement for the Year of 2021 pursuant to the regulations of AIA's "Integrity, Fairness, Objectivity and Independency of Professional Ethical Gazette No. 10" and the Audit Teammates stated their following regulations as follows without violation.

Description:

1. Audit teammate and its spouse, dependents never had cases as follows:
   1) Never held direct or indirect material financial interests with the Esteemed Company.
   2) Never built business relationship affecting independency with Your Esteemed Company or its Directors, Supervisors and Managers.

2. During audit, the Audit Teammates and their spouses, dependents never took positions of Director/supervisors, Managers in Your Esteemed Company or had any duties with direct and material effect on the audit work.

3. The Audit Teammates never had relationship of spouse, immediate blood relatives, immediate blood-in-law or second-relatives and other internal blood relatives with Your Esteemed Company's Directors/supervisors or Managers.

4. The Audit Teammates never received high valued gifts from Your Esteemed Company or its Directors/Supervisors, Managers or major shareholders (the value has never transcended ordinary social courtesy standard).

5. The Audit Teammates have executed necessary independency / interest conflict procedures without discovering any violations or unsolved conflict of interests.

Deloitte & Touche

CPA YANG, CHAO-CHING (With Seal)

CPA WANG, TENG-WEI (With Seal)

Note 2: Directors (including independent directors) pursuing further education in 2020

List of Directors and Supervisors	Date of the Advanced Studies		Organizer	Name of the Course	Hours of the Course
	Start	End			
Chairman YEH,CHIA-MING	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	Investigation of Current Status and Future Prospect of Fraud Risk Management in Taiwan Enterprises	3
	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	The Prospect of Taiwan's Industrial Trend and the Impact of the Pandemic	3
Representative of Institutional Director: YEH,CHIA-HAO	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	Investigation of Current Status and Future Prospect of Fraud Risk Management in Taiwan Enterprises	3
	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	The Prospect of Taiwan's Industrial Trend and the Impact of the Pandemic	3
Representative of Institutional Director: YEH,WEI-LI	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	Investigation of Current Status and Future Prospect of Fraud Risk Management in Taiwan Enterprises	3
	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	The Prospect of Taiwan's Industrial Trend and the Impact of the Pandemic	3
Representative of Institutional Director: YU,I-NENG	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	Investigation of Current Status and Future Prospect of Fraud Risk Management in Taiwan Enterprises	3
	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	The Prospect of Taiwan's Industrial Trend and the Impact of the Pandemic	3
	2021/12/03	2021/12/30	Accounting Research and Development Foundation	The Trend of the Profit-making Mode, "E-commerce", in Fintech Era and the Thinking of Internal Audit and Internal Control	6
Independent Director HUANG,CHUN-JEN	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	Investigation of Current Status and Future Prospect of Fraud Risk Management in Taiwan Enterprises	3
	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	The Prospect of Taiwan's Industrial Trend and the Impact of the Pandemic	3
Independent Director SU,PO-CHENG	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	Investigation of Current Status and Future Prospect of Fraud Risk Management in Taiwan Enterprises	3
	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	The Prospect of Taiwan's Industrial Trend and the Impact of the Pandemic	3
Independent Director TSAI,CHI-CHUN	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	Investigation of Current Status and Future Prospect of Fraud Risk Management in Taiwan Enterprises	3
	2021/12/23	2021/12/23	Taiwan Corporate Governance Association	The Prospect of Taiwan's Industrial Trend and the Impact of the Pandemic	3

Note 3. The status of Manager taking advanced study courses in 2021.

List of Managers	Date of the Advanced Studies		Organizer	Name of the Course	Hours of the Course
	Start	End			
Financial Supervisor YU,I-NENG	2021/12/09	2021/12/10	Accounting Research and Development Foundation	Continuing Education Course for Accounting Supervisors of Issuing Securities Firms and Stock Exchanges	12

(5) **Sustainable Development Implementation Status and Deviations from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons：** the systems and measures adopted by the Company for environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health and other social responsibility activities and their fulfillment.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from "the Corporate Social Responsibility (Sustainable Development)est Practice Principles" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration(Note 2)</th></tr>
<tr><td>1. Has the Company set up a dedicated (or concurrent) corporate social responsibility promotion unit which is authorized by the board of directors to be managed by the high-level management and reports to the board of directors?</td><td>✓</td><td></td><td>1.The Company's management department is responsible for promoting the execution of sustainable development as a concurrent unit, and is responsible for proposing and implementing sustainable development policies, systems or related management guidelines and specific promotion plans.
2.In the future, the Company will set up dedicated (concurrent) units and report to the Board of Directors on the situation.</td><td>No major difference</td></tr>
<tr><td>2. Has the Company conducted risk assessment on environmental, social and corporate governance issues related to business operations of the Company in accordance with the concept of materiality and established relevant risk management policies or strategies? (Note 2)</td><td>✓</td><td></td><td>The Company has established a "CSR Code of Practice(Preparation and Filing of Sustainability Reports)" and disclosed it in MOPS and the Company's website. The Management Department is responsible for conducting relevant risk assessments and formulating relevant risk management policies or strategies based on materiality as follows; in addition, relevant management practices have been established and communication channels with stakeholders have been set up.
<table>
<tr><th>Major Issues</th><th>Risk Evaluation Item</th><th>Risk management policies or strategies</th></tr>
<tr><td>Environment</td><td>Environmental Protection and Workplace Safety</td><td>⊙We are aware of the importance of environmental sustainability, and the Environmental Protection Division and the Industrial Safety Office handle matters related to pollution prevention for on-site operations, and we have hired an accredited environmental testing organization to conduct random inspections to comply with the latest emission standards listed by the Environmental Protection Agency.
⊙The Company regularly implements public safety inspections, labor safety training courses and employee health checks every year to provide a safe and healthy working environment for our employees.</td></tr>
<tr><td>Society</td><td>Ethical Management and Anti-Corruption</td><td>The Management Department of the Company, worked as a concurrent unit to promote the integrity of corporate management, has stipulated the prohibition of dishonest acts such as bribery, accepting bribes, offering or accepting improper benefits, engaging in unfair competition and damaging the rights and interests of stakeholders in accordance with the "Code of Conduct for Ethical Management", "Procedures and Guidelines for Ethical Management" and "Code of Ethical Conduct", and has established preventive measures and conducted education and promotion to implement the policy of ethical management.</td></tr>
<tr><td>Corporate</td><td>Legal</td><td>Through the implementation of internal control mechanisms,</td></tr>
</table></td><td>No major difference.</td></tr>
</table>

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility (Sustainable Development)est Practice Principles" and Reasons
	Yes	No	Abstract Illustration(Note 2)	
			Governance / compliance / we ensure that all of our employees and operations comply with the relevant laws and regulations.	
3. Environment issues (1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	✓		(1) The Company maintains the working environment and natural environment in accordance with public safety building regulations, fire regulations, labor health and safety regulations, the Waste Disposal Act, and energy-saving and carbon-reduction management regulations, and reports them in accordance with the law. There is also an industrial safety office to supervise and manage the related environmental protection business, and all the staffs are qualified with relevant certificates.	No major difference.
(2) Is the company committed to improving energy efficiency and using recycled materials that have a low impact on the environment?	✓		(2) The Company's waste materials have been assigned to a waste removal licensee for recycling, and is committed to implementing activities such as factory waste reduction and resource separation and recycling in order to preserve global resources and protect environmental hygiene.	
(3) Has the Company assessed the current and future potential risks and opportunities to the enterprise due to climate change and adopted countermeasures on issues related to the climate?	✓		(3) The Company formulates energy-saving and carbon-reduction strategies based on the impact of its operating activities, and promotes various energy-saving measures, such as turning off lights on the fly and paperless operation, to reduce the impact of its operations on the natural environment.	
(4) Has the Company conducted statistics on the emission of greenhouse gas, water consumption volume and the total waste weight in the past two years and developed policies for energy-saving, reduction on greenhouse gas, water consumption volume or management of other wastes?	✓		(4)1.The Company obtained the "Greenhouse Gas Emission Verification Statement" issued by AFNOR ASIA LTD. on June 21, 2021 to prove that the Company meets the reasonable assurance level approved by the Environmental Protection Administration of the Executive Yuan. We expect more efficient management and control of energy use" to achieve energy savings and reduce greenhouse gas emissions by 2%-5% annually. 2.The Company has installed a sludge dryer to reduce the amount of sludge removal, which is expected to reduce the amount of waste removal by 1/2 per year. 3.It is intended to comply with government regulations to completely phase out coal and oil-fired boilers and replace them with gas-fired (i.e., natural gas) boilers to reduce PM2.5 and improve air quality.	
4. Social issues (1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1) The Company protects the legal rights of employees and respects the human rights of all employees in accordance with the Labor Standards Law, and provides fair opportunities for job seekers and employee promotion paths.	No major difference.
(2) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacations	✓		(2) The Company's Employee Benefit Committee arranges employee activities such as employee travels, fellow employees' dinners, weddings and funerals,	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility (Sustainable Development)est Practice Principles" and Reasons
	Yes	No	Abstract Illustration(Note 2)	
and other welfares, etc.) and reflected management performances or outcomes on employees' remuneration?			and other benefit subsidies to provide a comfortable and safe working environment for our employees. We also arrange regular health checkups for our employees to maintain their physical and mental health.	
(3)Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?	✓		(3) The Company provides a safe and healthy working environment for its employees, including the provision of necessary health and first aid facilities, and strives to reduce the risk of employee safety and health to prevent occupational disasters or occupational diseases. In addition, the following operations are conducted regularly to provide a healthy and safe environment for our employees. 1.We hold regular seminars on occupational safety and health to maintain the safety and health of employees in the workplace and to create a healthy and safe working environment for employees. 2.Office fire safety inspection/reporting/and promotion. 3.Regular maintenance of elevators. Employee health maintenance: In addition to cooperating with the government to conduct health checks for occupational disasters, we regularly arrange health checks for employees and cooperate with hospitals within the Group to carry out health management according to the results; each factory is equipped with medicines, hygiene materials, simple medical equipment, etc., and the factory has contracted doctors and nursing staff to provide regular services. Incorporate relevant requirements into daily operations and improve occupational safety and health performance through daily employee education.	
(4) Has the Company developed an effective training program for employees?	✓		(4) The Company follows the relevant provisions of the law and sends employees out for training for career development, and plans relevant career development training programs in accordance with employee needs.	
(5)Does the company follow relevant laws and regulations and international standards, and has a policy and complaint procedure to protect the rights of consumers or customers with regard to customer health and safety, customer privacy, marketing and labeling of products and services?	✓		(5) For the marketing and labeling of products and services, the Company follows the relevant laws and regulations.	
(6) Has the Company established management policy for suppliers and asked the suppliers to comply with environmental friendly, occupational safety or labor rights and present its implementations?	✓		(6) The Company currently requests its major suppliers to provide certification reports that their products do not contain hazardous substances. In addition, the contract between the Company and its major suppliers contains provisions that allow the suppliers to terminate or cancel the contract at any time if the supplier is involved in a violation of its corporate social responsibility policy that has a significant impact on the environment and society.	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility (Sustainable Development)est Practice Principles" and Reasons
	Yes	No	Abstract Illustration(Note 2)	
5.Does the company make reference to international standards or guidelines for the preparation of reports, such as perpetual reports, that disclose non-financial information about the company? Did the Company obtain confirmation or assurance from a third-party verifier?		✓	The Company has not yet made reference to international standards or guidelines for the preparation of reports that disclose non-financial information such as CSR reports, but the Company will continue to practice CSR and establish related policies as appropriate.	Relevant matters are still under construction
Does the company make reference to international standards or guidelines for the preparation of reports, such as perpetual reports, that disclose non-financial information about the company? Did the Company obtain confirmation or assurance from a third-party verifier?				
6.If a company has its own sustainable development best practice principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe how its operation differs from the Principles. The Company has established the "Rules Governing the Preparation and Filing of Sustainability Reports" and has implemented it in a step-by-step manner for sustainable development, taking into account the Company's current situation and legal regulations.				
7. Other material information helpful for understanding the promotion of implementing sustainable development initiatives: 1.The company is committed to the government's environmental policy. 2.Sponsorship of local charity and good neighbor activities. 3.Donations were made to the Taiwan Foundation for the Blind, Tainan County Family Support Center, and cultural and educational institutions. 4.Contribute to the education and development of talents in the textile, apparel, and fashion industries (e.g., sponsorship of scholarships for related departments, establishment of short-term training courses, etc.) 5.Establish scholarships to encourage outstanding university students from modest backgrounds 6.Promote industry innovation and development related activities 7.Promote academic and industrial cooperation and exchange related work 8.Promoting care for the underprivileged and assisting in education and employment 9.Highlights of the latest annual activities of the Deli Education Foundation:				
8. If the CSR report has passed the verification standards of relevant verification agencies, it should be stated: None.				

Year	Content
2021	Sponsored the Tainan City Association for the Sustainable Development of Taiwan Indigenous Peoples' 2021 After-school Support Program for Taiwan Indigenous Students.
	To the Fortune Social Welfare & Charity Foundation, we donated 5,000 pounds of rice to the disadvantaged groups and low-income families.
	Sponsoring Andrew Charity Association to provide immediate and appropriate resources for children aged 0-15 from disadvantaged families in Taiwan to help them develop physically and mentally.
	63 scholarships of NT$20,000 each were awarded for the second semester of the 2020 school year.
	63 scholarships of NT$20,000 each were awarded for the first semester of the 2021 school year.

Note 1: If "Yes" is selected for implementation, please specify the important policies, strategies, measures adopted and their implementation; if "No" is selected for implementation, please explain the differences in the "Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" column and the reasons for this, as well as the plan to adopt related policies, strategies and measures in the future.

Note 2: Materiality refers to the environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

Note 3: For disclosure, please refer to the Samples for Best Practice Principles on the Corporate Governance Center website of the Taiwan Stock Exchange.

(6) The Company and the Subsidiaries' Ethical Corporate Management Best-Practice, Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs approved (1) Does the company formulate its ethical corporate management policies by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board and senior management to implement the policies? (2) Does the company establish evaluation system for the risk of unethical conducts, regularly analyze and evaluate the operating activities with the risk of high-potential unethical conducts within its operating scope and formulate prevention programs and precaution measures against unethical conducts or listed activities stated in Article 2, Paragraph 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"? (3) Does the company establish clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, and rules of appeal in its prevention programs against unethical conducts, ensure its implementation, and regularly review and revise the aforementioned programs?	✓ ✓ ✓		The Company has established "Ethical Management Procedures and Behavior Guidelines" to clarify the policy of integrity management and prevent dishonest behavior. At the same time, there shall be no unnecessary contact with suppliers, customers and related parties.	No major difference.
2. Fulfill ethical management (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1) The Company has established the "Procedures and Conduct Guidelines for Ethical Management", which stipulates that the Company will consider the legitimacy of agents, suppliers, customers or other business counterparties and whether there is any record of dishonest conduct before conducting business transactions, and will avoid conducting transactions with persons who have engaged in dishonest conduct.	
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of the promotion of corporate ethical management, regularly (at least once a year) report its ethical management policies and prevention programs against unethical conducts, and supervise its implementations?	✓		(2) In order to improve the ethical management, the Company has designated the Management Department as the dedicated unit to handle the revision, implementation, explanation, consultation service and registration and filing of the notification contents of these operating procedures and conduct guidelines and to supervise their implementation, and shall report to the Board of Directors on a regular basis.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) The Company has established a "Code of Ethical Conduct" and "Operating Procedures and Conduct Guidelines for Ethical Management", which stipulate that the Company's personnel shall treat the Company's customers, competitors and employees fairly and with integrity and reasonableness, and shall not obtain improper benefits through manipulation, concealment, misuse of information based on their duties, misrepresentation of material matters or other unfair trade practices.	No major difference.
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management? Does the company's internal audit unit prepare relevant audit plans based on the evaluation results of risk of the unethical conducts from the internal audit unit? Is the compliance of prevention program against unethical conducts audited by either internal auditors or CPAs?	✓		(4) In order to effectively ensure ethical management of the Company's operations, the Company has established a good and effective internal control system and accounting system, which are regularly audited by internal auditors.	
(5) Does the company regularly hold internal and external educational trainings on ethical management?	✓		(5) The Company shall reinforce the principle that employees should treat the Company's import (sales) customers, competitors and employees fairly and	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			with honesty and reasonableness, and shall not gain improper benefits by manipulating, concealing or misusing information based on their duties, making misrepresentations on important matters or other unfair trading practices.	
3.Operation of the company's complaint system (1) Does the company establish both a specific complaint and reward system and a convenient complaint channel? Can the accused be reached by an appropriate person for follow-up? (2) Does the company establish standard operating procedures for investigating accusation cases, and follow-up measures and relevant confidential system to be adopted after the completion of the investigation? (3) Does the company provide proper whistleblower protection?	✓ ✓ ✓		The company plans a confidential system of reporting, set up a dedicated window to receive reports, through employee complaint box and an employee complaint hotline to receive employee complaints.	No major difference.
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The Company's annual report discloses the contents of the Code of Conduct and the effectiveness of its promotion, which can be found on the Company's website and on the Market Observation Post System.	No major difference.
5. If the company has established the ethical corporate management policies based on the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the policies and their implementation: None.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies: The Company's operations are conducted in accordance with the laws and regulations of the TSE and the regulations of the relevant authorities, and its decisions are made with the interests of shareholders and the Company in mind, and in compliance with the Company's internal regulations.				

Note 1: The operating conditions, regardless of whether "Yes" or "No" is checked, should be described in the summary description field.

(7) If the company has established a code of corporate governance and related regulations, it should disclose its inquiry methods.

The Company has established the "Rules of Procedures for Shareholders' Meetings," "Regulations for Board Meetings," "Regulations for Election of Directors," "Code of Ethical Conduct," "Self-Regulatory Rules for Disclosure of Merger and Acquisition Information," "Regulations for Intercompany Financial Operations," "Code of Corporate Governance Practices," "Rules Governing the Responsibilities of Independent Directors," "Rules for the Organization of the Audit Committee," "Rules for the Organization of the Compensation Committee," "(Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports)," and "Operating Procedures and Guidelines for Ethical Management", which will be implemented in accordance with the relevant regulations. Please visit the Company's website or the Market Observation Post System for more information.

(8) Other Important Information for the Enhancing the Understanding of the Company's Corporate Governance Operations may be disclosed: None.

(9) Implementation of internal control system

1. Statement of Internal Control System

DE LICACY INDUSTRIAL CO., LTD.

Statement of Internal Control System

Date: Mar. 24, 2022

The internal control system from January 1 to December 31, 2021, according to the result of self-assessment is thus stated as follows:

1. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reason assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five constituent elements of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities. Each constituent element consists of a number of items. Please refer to the "the Regulations" for the aforementioned items.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the finding of such evaluation, the Company believes that, on December 31, 2021 (Note 2) it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors in the meetings held on March 24, 2022, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

DE LICACY INDUSTRIAL CO., LTD.

Chairman YEH,CHIA-MING

General Manager: YEH,WEI-LI

Note 1: If there are significant deficiencies in the design and implementation of the internal control system of a public company during the year, an explanatory paragraph should be added to the fourth item of the statement of internal control system, listing and describing the significant deficiencies identified in the self-assessment, as well as the improvement actions taken by the company before the balance sheet date and the improvement status.

Note 2: The date of declaration shall be "the end of the fiscal year". ◦

2. In case that a CPA was engaged to conduct a Special Audit of Internal Control System, its audit report shall be provided: None.

(10) For the most recent year and up to the printing date of the annual report, the Company and its internal personnel have been punished by law, the Company

has punished its internal personnel for violating the provisions of the internal control system, and the major deficiencies and improvements: None.

(11) Significant resolutions of the shareholders' meeting and the board of directors for the most recent year and up to the date of printing of the annual report

(1) Resolutions of the ordinary shareholders' meeting

Meeting Date	Important Resolution	Resolution	Status of implementation
2021.07.28	1. Recognition of Business Report, Financial Statements and Consolidated Financial Statements for 2020	The proposal was approved by the shareholders present and voting by electronic ballot.	The resolution was passed.
	2. Adoption of 2020 loss make-up proposal	The proposal was approved by the shareholders present and voting by electronic ballot.	Set Aug. 16, 2021 as the Base date for dividend allocation and distribute cash dividends on Aug. 27, 2021
	3. Amendment to Rules of Procedure for Shareholders Meetings	The proposal was approved by the shareholders present and voting by electronic ballot.	RESOLVED. The revised Rules of Procedure of the Shareholders' Meeting will be published on the Company's website and the Market Observation Post System.
	4. Capital surplus distribution of cash discussion	The proposal was approved by the shareholders present and voting by electronic ballot.	Set Aug. 16, 2021 as the Base date for dividend allocation and distribute cash dividends on Aug. 27, 2021

(2) Resolutions of the Board of Directors

Committee No.	Meeting Time	Important Resolutions
17th Committee 5th meeting	2021.01.22	1. Approved the discussion of bank loan amount. 2. Approved the funding of loands for Vietname DE LICACY INDUSTRIAL CO., LTD 3. Approved endorsement and guarantee for Vietname DE LICACY INDUSTRIAL CO., LTD 4. Approved endorsement and guarantee for Victory (Cayman) Holdings Ltd. 5. Approved endorsement and guarantee for APEX (ANQING)TEXTILE CO.,LTD 6. Approved endorsement and guarantee for TOTAL EXPRESS LIMITED 7. Approved endorsement and guarantee for EDEN ROAD INTERNATIONAL LIMITED (Registration place: British Virgin Islands) 8. Approved endorsement and guarantee for EDEN ROAD INTERNATIONAL LIMITED (Registration place: Hong Kong) 9. Approved endorsement and guarantee for DE-FA INTERNATIONAL INDUSTRIAL CO., LTD. 10.Approved 2020 distribution of annual bonus for the chairman, Mr. YEH,CHIA-MING , general manager, Mr. YEH,WEI-LI and deputy chairman, YEH,CHIA-HAO (the interested parties, the chairman, Mr. YEH,CHIA- MING , general manager, Mr. YEH,WEI-LI and deputy ,chairman, chairman,YEH, CHIA-HAO are recusal from voting on the case) 11. Approved 2020 distribution of annual bonus for the spcial assistant of chairman, KUO,CHUN-HSIUNG (interested party, representative of institutional director and special assistant of chairman,KUO, CHUN-HSIUNG, are recusal from voting on the case) 12. Approved 2020 distribution of annual bonus for the financial supervisor and accounting supervisor, YU,I-NENG , and executive deputy general manager and supervisor of the production department, and supervisor of R&D, TSAI,CHI-HSIU 13.Approved Adjustment of the Group's Investment Structure in Arden Road International Ltd.
17th Committee 6th meeting	2021.03.15	1. Approved the recognition of bank loan guarantee amount and usage on Feb. 28, 2021 2. Approved the discussion of bank loan amount. 3. Approved the Company's 2021 various planned salary and remuneration to be implemented 4. Approved 2020 Employee's Remuneration and Directors' Remuneration 5. Approved business report and 2020 individual financial statement and consolidated financial statement 6. Approved 2020 Appropriation of Loss 7. Approved the submission of 2020 "Statement of Internal Control System" 8. Approved endorsement and guarantee for Hangzhou DE LICACY INDUSTRIAL CO., LTD 9. Approved endorsement and guarantee for Vietname DE LICACY INDUSTRIAL CO., LTD 10. Approved the funding of loans for Vietname DE LICACY INDUSTRIAL CO., LTD 11. Approved Renewal of Directors' and Supervisors' Liability Insurance with Shinkong Insurance Co., Ltd.

Committee No.	Meeting Time	Important Resolutions
		12. Approved the Company's "Directors' Performance Evaluation" 13. Approved the amendement to the Company's "Rules of Procedure for Shareholders Meetings" 14. Approved the matters for the conveyance of 2021 Shareholders' Meeting 15. Approved the discussion on investment in China
17th Committee 7th meeting	2021.04.28	1.Approved the discussion item on the distribution of cash in the capital reserve of the Company. 2.Approved the discussion item on the matters involving 2021 General Shareholders' Meeting.
17th Committee 8th meeting	2021.05.11	1.Approved the adoption of bank loan guarantee line and its usage as of April 30, 2021. 2.Approved the discussion item on the credit line of the bank. 3.Approved the discussion item on the endorsement/guarantee for EDEN ROAD INTERNATIONAL LIMITED (place of registration: Hong Kong). 4.Approved the discussion item on the endorsement/guarantee for DE-FA INTERNATIONAL INDUSTRIAL CO., LTD. 5.Approved the discussion item on the endorsement/guarantee for NEW LAKE LIMITED. 6.Approved the discussion item on the endorsement/guarantee for Apex (An Qing) Textile Co., Ltd. 7.Approved the discussion item on not remitted back the earnings of the overseas re-investment company before 2020. 8.Approved the discussion item on closing the business operation of Era Nouveau International Co., Ltd.
17th Committee 9th meeting	2021.06.30	1.Approved the adoption of the bank loan guarantee line and its usage as of June 30, 2021. 2.Approved the discussion item on the credit line of the bank. 3.Approved the discussion item on loaning of funds to Vietnam DE LICACY INDUSTRIAL CO., LTD. 4.Approved the discussion item on the endorsement/guarantee for Hangzhou De Licacy Textile Co., Ltd. 5.Approved the discussion item on the endorsement/guarantee for NEW LAKE LIMITED. 6.Approved the discussion item on the endorsement/guarantee for Vietnam DE LICACY INDUSTRIAL CO., LTD. 7.Approved the discussion item on the proposed donation of TWD 3 million from the Company to De Licacy Education Foundation. 8. Approved the discussion item on the meeting time of 2021 General Shareholders' Meeting. 9.Approved the discussion item on the proposed establishment of the Company's first Chief Corporate Governance Officer.
17th Committee 10th meeting (Interim Meeting)	2021.07.28	1.Approved the discussion item on the endorsement/guarantee for CHADTEX INDUSTRIAL CO., LTD. 2.Approved the discussion item on the record date for distribution of cash in the capital reserve of the Company.
17th Committee 11th meeting	2021.08.10	1. Approved the adoption of bank loan guarantee line and its usage as of July 31, 2021. 2. Approved the discussion item on the credit line of the bank. 3. Approved the discussion item on the joint credit agreement with O-Bank Co., Ltd. as the host bank and Syndicated Loans as the managing bank, with a total credit amount of NT$22 billion. 4. Approved the discussion item on the endorsement/guarantee for CHADTEX INDUSTRIAL CO., LTD. 5. Approved the discussion item on the endorsement/guarantee for Hangzhou De Licacy Textile Co., Ltd. 6. Approved the discussion item on the endorsement/guarantee for Xinhu Limited. 7. Approved the discussion item on the joint credit agreement for De Shen (Cayman) Holdings Co., Ltd. with O-Bank Co., Ltd. as the host bank and Syndicated Loans as the managing bank, with a total credit amount of USD 28 million.
17th Committee 12th meeting	2021.11.10	1. Approved the adoption of bank loan guarantee line and its usage as of October 31, 2021. 2. Approved the adoption of endorsement/guarantee for Apex (An Qing) Textile Co., Ltd. 3. Approved the discussion item on the credit line of the bank. 4. Approved the discussion item on 2022 budget. 5. Approved the discussion item on 2022 audit plan. 6. Approved the discussion item on change of CPA due to internal adjustment of the accounting firm. 7. Approved on the discussion item on the independence assessment of CPA in 2021. 8. Approved the discussion item on the endorsement/guarantee for E-GLOBAL INTERNATIONAL COMPANY LIMITED.

Committee No.	Meeting Time	Important Resolutions
		9. Approved the discussion item on the endorsement/guarantee for DE-FA INTERNATIONAL INDUSTRIAL CO., LTD. 10. Approved the discussion item on the endorsement/guarantee for NEW LAKE LIMITED. 11.Approved the discussion item on the endorsement/guarantee for DE SHEN (CAYMAN) HOLDINGS CO., LTD. 12. Approved the discussion item on the authorization for relocating the factory of Zhejiang Fu Fa Textile Co., Ltd..
17th Committee 13th meeting	2022.01.14	1. Approved the adoption of endorsement/guarantee for CHADTEX INDUSTRIAL CO., LTD. 2. Approved the discussion item on the credit line of the bank. 3. Approved the discussion item on the endorsement/guarantee for Vietnam DE LICACY INDUSTRIAL CO., LTD. 4. Approved the discussion item on the endorsement/guarantee for EDEN ROAD INTERNATIONAL LIMITED (place of registration: Hong Kong). 5. Approved the discussion on the endorsement/guarantee for Apex (An Qing) Textile Co., Ltd. 6. Approved the discussion item on the distribution of 2021 annual bonus for the chairman YEH, CHIA-MING, the deputy chairman YEH, CHIA-HAO, and general manager YEH, WEI-LI. (Stakeholders, chairman YEH, CHIA-MING, the representative of the institutional director and the deputy chairman YEH, CHIA-HAO, and the representative of the institutional director and general manager YEH, WEI-LI recused themselves from voting on this case) 7. Approved the discussion item on the distribution of 2021 year-end bonus for chief financial officer and chief accounting officer, YU, I-NENG, who also work concurrently as executive deputy general manager. (Stakeholder, chief financial officer and chief accounting officer, YU, I-NENG, who also work concurrently as executive deputy general manager recused himself from voting on this case) 8. Approved the discussion item on the distribution of 2021 year-end bonus for supervisor of the Production Department and supervisor of R&D Department, TSAI, CHIH-HSIU, who also work concurrently as executive deputy general manager. 9. Approved the discussion item on the salary adjustment for the chairman YEH, CHIA-MING, deputy chairman, YEH, CHIA-HAO, and general manager, YEH, WEI-LI. (Stakeholders, chairman YEH, CHIA-MING, the representative of the institutional director and the deputy chairman YEH, CHIA-HAO, and the representative of the institutional director and general manager YEH, WEI-LI recused themselves from voting on this case) 10. Approved the discussion item on salary adjustment for the chief financial officer and chief accounting officer, YU, I-NENG, who also work concurrently as executive deputy general manager. (Stakeholder, chief financial officer and chief accounting officer, YU, I-NENG, who also work concurrently as executive deputy general manager recused himself from voting on this case) 11. Approved the discussion item on the distribution of 2021 year-end bonus for supervisor of the Production Department and supervisor of R&D Department, TSAI, CHIH-HSIU, who also work concurrently as executive deputy general manager. 12. Approved the discussion item on the endorsement/guarantee for TOTAL EXPRESS LIMITED (place of registration: Republic of Seychelles) 13. Approved the discussion item on the endorsement/guarantee for Hangzhou De Licacy Textile Co., Ltd.
17th Committee 14th meeting	2022.03.24	1. Approved the adoption of bank loan guarantee line and its usage as of February 28, 2022. 2. Approved the discussion item on the credit line of the bank. 3. Approved the discussion item on the various proposed remuneration projects to be implemented in 2022. 4. Approved the discussion item on the Company's employee remuneration and directors' remuneration in 2021. 5. Approved the discussion item on the Business Report and 2021 Parent Only Financial Statement and Consolidated Financial Statement. 6. Approved the discussion item on the submitted proposal of 2021 "Statement of Internal Control System". 7. Approved the discussion item on the endorsement/guarantee for Hangzhou De Licacy Textile Co., Ltd. 8. Approved the discussion item on the endorsement/guarantee for Vietnam DE LICACY INDUSTRIAL CO., LTD. 9. Approved the discussion item on the endorsement/guarantee for NEW LAKE LIMITED.

Committee No.	Meeting Time	Important Resolutions
		10. Approved the discussion item on loaning of funds to Vietnam DE LICACY INDUSTRIAL CO., LTD. 11. Approved the discussion item for proposed renewal of insurance on directors' liability insurance with Shinkong Insurance Co., Ltd.. 12. Approved the discussion item on the Company's "Performance Evaluation of the Board of Directors". 13. Approved the discussion item on the amendment to the Company's Procedures for the Acquisition or Disposal of Assets. 14. Approved the lifting of the prohibition of chairman YEH, CHIA-MING, the representative of the institutional director and the deputy chairman YEH, CHIA-HAO, and the representative of the institutional director and general manager YEH, WEI-LI working in competitive businesses. (Stakeholders, chairman YEH, CHIA-MING, the representative of the institutional director and the deputy chairman YEH, CHIA-HAO, and the representative of the institutional director and general manager YEH, WEI-LI recused themselves from voting on this case) 15. Approved the lifting of the prohibition of the representative of institutional director and executive deputy general manager, YU, I-NENG. (Stakeholder, representative of institutional director, YU, I-NENG, who also work concurrently as executive deputy general manager recused himself from voting on this case) 16. Approved the discussion item on the matters involving 2021 General Shareholders' Meeting.
17th Committee 15th meeting	2022.04.29	1. Approved the discussion item on 2021 Surplus Distribution. 2. Approved the discussion item on the distribution of cash in the capital reserve of the Company. 3. Approved the discussion item on the matters involving 2021 General Shareholders' Meeting (with cause(s) or subject(s) of a meeting added).
17th Committee 16th meeting	2022.05.10	1. Approved the adoption of bank loan guarantee line and its usage as of April 30, 2022. 2. Approved the discussion item on the credit line of the bank. 3.Approved the endorsement and guarantee for EDEN ROAD INTERNATIONAL LIMITED(Place of registration: Hong Kong) 4.Approved the endorsement and guarantee for APEX TEXTILE CO.,LTD 5.Approved the discussion item on not remitted back the earnings of the overseas re-investment company before 2021. 6.Approved the promotion of management manager Chu Yinchu to senior manager.

(12) For the most recent year and as of the printing date of the annual report, if the directors or supervisors have dissenting opinions on important resolutions passed by the board of directors and there are records or written statements of such dissenting opinions, the main content of which: None.

(13) Summary of the resignation and dismissal of the chairman, president, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of research and development of the Company for the most recent year and as of the date of printing of the annual report: None.

4. Accountant's fee information: The company shall disclose the accountant's fee if one of the following circumstances occurs.

Unit: NT$1,000

Accounting firm	Name of Accountant	Audit Period	Audit fee	Non-audit Fee		Total	Remark
Deloitte & Touche	YANG, CHAO-CHIN	2021.01.01~2021.12.31	6,900	Human Resources	223	7,778	
	LI, CHI-CHEN	2021.01.01~2021.06.30		Others (Note3)	655		(Note2)
	WANG, TENG-WEI	2021.07.01~2021.12.31		Subtotal	878		(Note2)

Note1: If the Company changes its accountant or accounting firm during the year, please indicate the audit period and the reason for the change in the remarks column.

Note2: The Company changed CPA due to the internal adjustment of the accounting firm.

Note3: Mainly related to transfer pricing, direct debit, tax consultation and handling of investment matters in China in 2021.

(1) If the proportion of non-audit fees paid to the certified public accountant, the certified public accountant's office, and their affiliates is at least one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services should be disclosed: None.

(2) If you change your accounting firm and the audit fee paid in the year of change is less than the audit fee paid in the year before the change, you should disclose the amount, percentage and reason of the decrease. The amount, percentage and reason of the decrease in audit fees should be disclosed: None.

(3) If the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reason for the decrease in audit fee should be disclosed: None.

5. Information on Replacement of Certified Public Accountants:

1. About the former accountant:

Date of replacement	From Q3 2021 Financial Report (Adopted by the Board of Directors on November 10, 2021)
Reason for change and explanation	The Company was appointed by the CPA firm of Deloitte & Touche, and the CPA firm was changed due to the internal adjustment of the firm's business.
Indicate whether the appointment is terminated or not accepted by the appointor or accountant	Not applicable
Opinions on audit reports issued within the last two years without qualification and reasons	Not applicable
Opinions different from the issuer	Not applicable
Other disclosures (those required to disclose in accordance with Article 10, Paragraph 6, Item 1-4 to 1-7 of the Regulations)	Not applicable

2. About the successor CPA: not applicable.

Name of the accounting firm	Deloitte & Touche
Name of accountant	YANG, CHAO-CHINCPA, Date of appointant of the WANG, TENG-WEICPA
Appointment Date	From Q3 2021 Financial Report (Adopted by the Board of Directors on November 10, 2021)
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements	Not applicable

prior to the appointment	
Written opinion of the successor accountant on matters on which the predecessor accountant disagreed	Not applicable

3. The former accountant's response to the Article 10, Article 6, Item 1 and 2-3: Not applicable.

6. If the chairman, general manager, or manager in charge of financial or accounting matters of the Company has worked in the firm of the certified public accountant or its affiliates within the last year, the name, title, and period of employment in the firm of the certified public accountant or its affiliates should be disclosed: None.

7. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by A Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent during the Most Recent Year or During the Current Year up to the Date of Publication of the Annual Report

1.Changes in shareholdings of directors, supervisors, managers and majority shareholders:

Title	Name	2021		As of Mar. 04, 2022	
		Shares Increase (decrease)	Number of pledged shares Increase (decrease)	Shares Increase (decrease)	Number of pledged shares Increase (decrease)
Chairman	YEH,CHIA-MING	0	(1,600,000)	0	0
Directors	Fuhua Investment Co., Ltd. Representative: YEH,CHIA-HAO Representative: YEH,WEI-LI Representative: KUO,CHUN-HSIUNG(Note 1) Representative: YU,I-NENG(Note 2)	0	0	0	(7,000,000)
Independent Director	HUANG,CHUN-JEN	5,423	0	0	0
Independent Director	SU,PO-CHENG	0	0	0	0
Independent Director(Note 1)	TSAI,CHI-CHUN	0	0	0	0
Deputy Chairman	YEH,CHIA-HAO	0	800,000	0	0
Special assistant of the chairman	KUO,CHUN-HSIUNG(Note 1)	0	0	0	0
General Manager	YEH,WEI-LI	0	800,000	0	0
Vice General Manager, Clothing Business Department (Note 2)	YANG,YUAN-PO	0	0	0	0
Executive Deputy General Manager (Financial and Accounting Supervisor)	YU,I-NENG	0	0	0	0
Management Division Associates (Note 3)	CHI,WEI-HSIEN	0	0	0	0
Supervisor of Production Department and Deputy General Manager of R&D Division	TSAI,CHI-HSIU	0	0	0	0

Note 1: Resigned Aug. 31, 2021

Note 2: Assumed office on Aug. 31, 2021.

2. Information on directors, supervisors, managers, and persons related to the transfer of substantial shareholders' equity: None

3. Information on directors, supervisors, managers, and persons related to the transfer of substantial shareholders' equity: None

8. Information on the Relationship between any of the top Ten Shareholders (Related Party, Spouse, or Kinship within the Second Degree):

Information on the relationship between the top ten shareholders and their respective shareholdings

Date: as of Apr. 12, 2021; Unit: shares; %

Name〈 Note 1〉	Own shareholding		Spouse & Minor Shareholding (Note)		Shareholding by Nominee Arrangement		THE NAMES AND RELATIONSHIPS OF THE TOP TEN SHAREHOLDERS WHO ARE RELATED PARTIES OR WHO ARE RELATED TO EACH OTHER AS SPOUSES OR SECOND DEGREE RELATIVES. (NOTE 3)		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
Fufa International Investment Co., Ltd. Representative:YEH,CHIA-HAO	31,268,067	8.13%	--	--	--	--	Fuhua Investment Co., Ltd FUSON INTERNATIONAL CO., LTD. Yongyi Investment Co., Ltd. Chenxi International Investment Co., Ltd. Property Investment (Stock) Company WELL UNIQUE ENTERPRISE CO., LTD.	The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The Chairman of the Board and the Chairman of the Company are The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The Chairman of the Board and the Chairman of the Company are	
	3,288,181	0.86%							
Fuhua Investment Co., Ltd. Representative: YEH,WEI-LI	30,000,994	7.80%	--	--	--	--	Fufa International Investment Co., Ltd. FUSON INTERNATIONAL CO., LTD. Yongyi Investment Co., Ltd. Chenxi International Investment Co., Ltd. Property Investment (Stock) Company WELL UNIQUE ENTERPRISE CO., LTD.	The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The Chairman of the Board and the Chairman of the Company are The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company	
	2,859,392	0.74%	--	--	--	--			
FUSON INTERNATIONAL CO., LTD. Representative: YEH,CHIA-HAO	30,000,443	7.80%	--	--	--	--	Fufa International Investment Co., Ltd. Fuhua Investment Co., Ltd. Yongyi Investment Co., Ltd. Chenxi International Investment Co., Ltd. Property Investment (Stock) Company WELL UNIQUE ENTERPRISE CO., LTD.	The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The Chairman of the Board and the Chairman of the Company are The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company	
	2,779,445	0.72%	--	--	--	--			
Yongyi Investment Co., Ltd. Representative: YEH,CHIA-HAO	18,776,460	4.88%	--	--	--	--	Fufa International Investment Co., Ltd. Fuhua Investment Co., Ltd. FUSON INTERNATIONAL CO., LTD. Chenxi International Investment Co., Ltd. Property Investment (Stock) Company WELL UNIQUE ENTERPRISE CO., LTD.	The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are	
	3,288,181	0.86%	--	--	--	--			
Chenxi International Investment Co., Ltd. Representative: YEH,WEI-LI	17,664,370	4.59%	--	--	--	--	Fufa International Investment Co., Ltd. Fuhua Investment Co., Ltd. FUSON INTERNATIONAL CO., LTD. Yongyi Investment Co., Ltd. Property Investment (Stock) Company WELL UNIQUE ENTERPRISE CO., LTD.	The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are second degree and is a Supervisor of the company	
	2,859,392	0.74%	--	--	--	--			

Property Investment (Stock) Company Representative: YEH,CHIA-HAO	9,381,819	2.43%	--	--	--	--	Fufa International Investment Co., Ltd. Fuhua Investment Co., Ltd. FUSON INTERNATIONAL CO., LTD.	The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company The Chairman of the Board and the Chairman of the Company are	
	2,779,445	0.72%	--	--	--	--	Yongyi Investment Co., Ltd. Chenxi International Investment Co., Ltd. WELL UNIQUE ENTERPRISE CO., LTD.	The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are Second-degree kinship The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company	
Entrusted trust property account, CTBC Bank	8,750,777	2.27%	--	--	--	--	De Licacy Industrial Co., Ltd.	With control (Employee Stock Ownership Association)	
Songnian Investment (Stock) Company Representative: WANG,CHIEN-LIANG	5,447,128	1.41%	--	--	--	--	--	--	
	3,507,930	0.91%	--	--	--	--			
WELL UNIQUE ENTERPRISE CO., LTD. Representative: YEH,CHIA-HAO	3,716,479	0.96%	--	--	--	--	Fufa International Investment Co., Ltd. Fuhua Investment Co., Ltd. FUSON INTERNATIONAL CO., LTD.	The Chairman of the Board and the Chairman of the Company are The Chairman of the Board and the Chairman of the Company are second degree and is a Supervisor of the company The chairman of the board of directors is a second degree of consanguinity to the chairman of the company and is a director of the company	
	3,288,181	0.86%	--	--	--	--	Yongyi Investment Co., Ltd. Chenxi International Investment Co., Ltd. Property Investment (Stock) Company	The Chairman of the Board and the Chairman of the Company are The Chairman of the Board and the Chairman of the Company are Second-degree kinship The Chairman of the Board and the Chairman of the Company are Second-degree kinship	
Di Zhai Space Design Limited Representative: YU, XIN-YI	3,663,293	0.95%	--	--	--	--	–	–	
	--	--	--	--	--	--			

Note 1: The names of supervisors should be listed separately, corporate shareholders should list the names of corporate shareholders and their representatives separately and the amount of each payment should be disclosed in aggregate.

Note 2: The calculation of the percentage of shareholding refers to the calculation of the percentage of shareholding in the name of oneself, one's spouse, minor children or the use of others, respectively.

Note 3: The shareholders listed in the preceding paragraph include both legal and natural persons, and the relationships between them should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

9. The number of shares held by the Company, its directors, supervisors, managers and businesses directly or indirectly controlled by the Company in the same re-invested business and the consolidated percentage of shareholding are calculated as follows:

As of Dec. 31, 2021; Unit: shares; %

Re-invested businesses	The Company's investment		Directors, Supervisors, Managers and Investments in Direct or Indirectly Controlled Businesses		Total investment	
	Number of	Percentage	Number of shares	Percentage	Number of shares	Percentag
DE LICACY (SAMOA) HOLDINGS CO., LTD.	52,604,382	100.00	-	-	52,604,382	100.00
WELL UNIQUE ENTERPRISE CO., LTD.	12,533,651	24.1	-	-	12,533,651	24.1
DE-FA INTERNATIONAL INDUSTRIAL CO.,LTD.	5,500,000	100.00	-	-	5,500,000	100.00
CHADTEX INDUSTRIAL CO., LTD.	18,931,098	55.06	-	-	18,931,098	55.06
DE LICACY OLDINGS CO., LTD	27,010	100.00	-	-	27,010	100.00
VIEW BEST GLOBAL LIMITED	1,935,000	100.00	-	-	1,935,000	100.00
Bright Wisdom Holdings Limited	-	-	14,902,500	53.22	14,902,500	53.22
BEST ALLIANCE INTERNATIONAL LIMITED	-	-	42,900,000	100.00	42,900,000	100.00
Vantage Gain Holdings Limited	-	-	7,782,862	73.33	7,782,862	73.33
EDEN ROAD International Co., Ltd.	-	-	639,000	100.00	639,000	100.00
HONG KONG EDEN ROAD INTERNATIONAL LTD.	-	-	50,000	100.00	50,000	100.00
Total Express Limited	-	-	1	53.22	1	53.22
Zhejiang Apex Textile Co.,Ltd.	-	-	13,000,000	53.22	13,000,000	53.22
HANGZHOU DE LICACY TEXTILE CO.,LTD.	-	-	42,000,000	100.00	42,000,000	100.00
DE SHEN (CAYMAN) HOLDINGS CO., LTD.	-	-	108,032,700,860	100.00	108,032,700,860	100.00
VIETNAM DE LICACY INDUSTRIAL CO., LTD.	-	-	114,660,489.50	100.00	114.660.489.50	100.00
Perfect Step Ltd.	-	-	10,609,097	20.00	10,609,097	20.00
DE LICACY (ANGUILLA)HOLDINGS CO., LTD.	-	-	3,805,000	100.00	3,805,000	100.00
ERA NOUVEAU INTERNATIONAL CO., LTD.	-	-	3,800,000	50.00	3,800,000	50.00
DE HONG HOLDINGS CO.,LTD.	-	-	1,800,000	50.00	1,800,000	50.00
New Lake Co., Ltd.	-	-	6,100,000	100.00	6,100,000	100.00
DE HONG INTERNATIONAL CO.,LTD (DH)	-	-	2,500,000	50.00	2,500,000	50.00
ATAGO GARMENT VIETNAM CO.,LTD	-	-	1,915,070	30.00	1,915,070	30.00
BEAUTY PLUS VENTURES LIMITED	-	-	12,098,738	85.00	12,098,738	85.00
Lucky Apex Ventures Limited	-	-	14,655,000	100.00	14,655,000	100.00
GLORY WEALTHY CORPORATION LIMITED	-	-	38	38.00	38	38.00
APEX TEXTILE CO.,LTD	-	-	10,400,000	53.22	10,400,000	53.22
FUTURUS CO., LTD.	-	-	1,000,000	100.00	1,000,000	100.00
Nantong De Licacy Industrial Co., Ltd.	-	-	5,000,000	100.00	5,000,000	100.00

Note: investment under the equity method.

IV. Capital Overview

1. Capital and Shares

(I) Source of Capital

1. Formation of the capital stock

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of shares	Amount (NT$)	Number of shares	Amount (NT$)	Source of Capital	Capital Increased by Assets Other than Cash	Others
1982.07	1,000	1,000	1,000,000	1,000	1,000,000	Incorporation	None	None
1983.07	1,000	6,500	6,500,000	6,500	6,500,000	Capital increase by cash NT$5,500,000	None	None
1987.02	1,000	40,000	40,000,000	40,000	40,000,000	Capital increase by cash NT$33,500,000	None	None
1988.09	1,000	62,000	62,000,000	62,000	62,000,000	Capital increase by cash NT$22,000,000	None	None
1989.10	1,000	100,000	100,000,000	100,000	100,000,000	Capital increase by cash NT$38,000,000	None	None
1990.05	10	18,000,000	180,000,000	18,000,000	180,000,000	Capital increase by cash NT$80,000,000	None	None
1990.11	10	20,000,000	200,000,000	20,000,000	200,000,000	Capital increase from retained earnings NT$20,000,000	None	None
1991.06	10	22,200,000	222,000,000	22,200,000	222,000,000	Capital increase from retained earnings NT$22,000,000	None	None
1992.03	10	65,000,000	650,000,000	45,510,000	455,100,000	Capital increase by cash NT$166,500,000 Capital increase from retained earnings NT$66,600,000	None	None
1993.05	10	65,000,000	650,000,000	63,714,000	637,140,000	Capital increase by cash NT$91,020,000 Capital increase from retained earnings NT$63,714,000 Capital increase from retained earnings NT$27,306,000	None	None
1994.11	10	90,000,000	900,000,000	73,271,100	732,711,000	Capital increase from retained earnings NT$57,342,600 Capital increase from retained earnings NT$38,228,400	None	None
1995.08	10	90,000,000	900,000,000	84,261,765	842,617,650	Capital increase from retained earnings NT$65,943,990 Capital increase from retained earnings NT$43,962,660	None	None
1996.12	10	150,000,000	1,500,000,000	109,540,294	1,095,402,940	Capital increase by cash NT$84,261,760 Capital increase from retained earnings NT$126,392,650 Capital increase from capital reserve NT$42,130,880	None	None

1997.07	10	160,000,000	1,600,000,000	153,356,411	1,533,564,110	Capital increase by cash NT$219,080,580 Capital increase from retained earnings NT$142,402,380 Capital increase from capital reserve NT$76,678,210	None	None
Year/Month	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Number of shares	Amount (NT$)	Number of shares	Amount (NT$)	Source of Capital	Capital Increased by Assets Other than Cash	Others
1998.06	10	280,000,000	2,800,000,000	191,695,515	1,916,955,150	Capital increase from retained earnings NT$230,034,620 Capital increase from capital reserve NT$153,356,420	None	None
1999.06	10	280,000,000	2,800,000,000	239,619,394	2,396,193,940	Capital increase from retained earnings NT$297,128,050 Capital increase from capital reserve NT$182,110,740	None	None
2003.10	10	280,000,000	2,800,000,000	239,719,394	2,397,193,940	Capital increase by cash NT$1,000,000	None	None
2003.11	10	280,000,000	2,800,000,000	239,819,394	2,398,193,940	Capital increase by cash NT$1,000,000	None	None
2004.12	10	280,000,000	2,800,000,000	230,137,394	2,301,373,940		None	None
2005.04	10	280,000,000	2,800,000,000	222,137,394	2,221,373,940		None	None
2006.01	10	280,000,000	2,800,000,000	175,596,020	1,755,960,200		None	None
2008.01	10	280,000,000	2,800,000,000	168,693,020	1,686,930,200		None	None
2008.11	10	280,000,000	2,800,000,000	164,849,020	1,648,490,200		None	None
2009.04	10	280,000,000	2,800,000,000	156,849,020	1,568,490,200		None	None
2010.08	10	280,000,000	2,800,000,000	227,439,020	2,274,390,200	Capital increase by cash NT$705,900,000	None	None
2012.04	10	280,000,000	2,800,000,000	223,080,020	2,230,800,200	Cancellation of treasury stock	None	None
2012.10	10	280,000,000	2,800,000,000	216,896,020	2,168,960,200	Cancellation of treasury stock	None	None
2015.09	10	280,000,000	2,800,000,000	233,003,305	2,330,033,050	Capital increase from retained earnings NT$108,448,010 Convert convertible corporate bond NT$52,624,840	None	None
2015.12	10	280,000,000	2,800,000,000	233,776,230	2,337,762,300	Convert convertible corporate bond NT$7,729,250	None	None
2016.03	10	280,000,000	2,800,000,000	240,722,232	2,407,222,320	Convert convertible corporate bond NT$69,460,020	None	None
2016.05	10	280,000,000	2,800,000,000	272,155,209	2,721,552,090	Capital increase by cash NT$300,000,000 and Convert convertible corporate bond NT$14,329,770	None	None
2016.09	10	280,000,000	2,800,000,000	275,002,820	2,750,028,200	Convert convertible corporate bond NT$28,476,110	None	None
2016.11	10	280,000,000	2,800,000,000	277,681,573	2,776,815,730	Convert convertible corporate bond NT$26,787,530	None	None
2017.08	10	360,000,000	3,600,000,000	320,681,573	3,206,815,730	Capital increase by cash NT$430,000,000	None	None
2017.09	10	360,000,000	3,600,000,000	334,565,652	3,345,656,520	Capital increase from retained earnings NT$42,893,450	None	None

2019.10	10	480,000,000	4,800,000,000	384,565,652	3,845,656,520	Capital increase by cash NT$500,000,000	None	None

Note: The approved date of capital increase for 1991 is 1991.06.08; the approved document number is (80) Tai-Tsai-Cheng (1) No. 01145.
The approved date of capital increase for 1992 is 1992.03.31; the approved document number is (81) Tai-Tsai-Cheng (1) No. 00606.
The approved date of capital increase for 1993 is 1993.05.03; the approved document number is (82) Tai-Tsai-Cheng (1) No. 00954.
The approved date of capital increase for 1994 is 1994.10.26; the approved document number is (83) Tai-Tsai-Cheng (1) No. 44068.
The approved date of capital increase for 1995 is 1995.06.16; the approved document number is (84) Tai-Tsai-Cheng (1) No. 35880.
The approved date of capital increase for 1996 is 1996.09.26; the approved document number is (85) Tai-Tsai-Cheng (1) No. 55227.
The approved date of capital increase for 1997 is 1997.06.12; the approved document number is (86) Tai-Tsai-Cheng (1) No. 42251.
The approved date of capital increase for 1998 is 1998.06.04; the approved document number is (87) Tai-Tsai-Cheng (1) No. 48754.
The approved date of capital increase for 1999 is 1999.06.09; the approved document number is (88) Tai-Tsai-Cheng (1) No. 53514.
A total of 200,000 shares of common stock were placed in a private placement in 1993, which did not require the approval of the Securities and Futures Bureau.
In accordance with Article 28(1)(3) of the Securities and Exchange Act, the capital reduction of treasury stock was carried out in 2004.
In accordance with Article 28(1)(3) of the Securities and Exchange Act, the capital reduction of treasury stock was carried out in 2005.
The cancellation of shares by merger in 2006 did not require the approval of the FSC.
In accordance with Article 28(1)(3) of the Securities and Exchange Act, the capital reduction of treasury stock was carried out in 2008.
In accordance with Article 28(1)(3) of the Securities and Exchange Act, the capital reduction of treasury stock was carried out in 2008.
In accordance with Article 28(1)(3) of the Securities and Exchange Act, the capital reduction of treasury stock was carried out in 2009.
The approved date of capital increase for 2010 is 2010.08.16; the approved document number is Ching-Guan-Cheng-Fa-Tzi No. 1000036878.
In accordance with Article 28(1)(3) of the Securities and Exchange Act, the capital reduction of treasury stock was carried out in 2012.
In accordance with Article 28(1)(3) of the Securities and Exchange Act, the capital reduction of treasury stock was carried out in 2012.
In accordance with Article 28(1)(3) of the Securities and Exchange Act, the capital reduction of treasury stock was carried out in 2012.
The approved date of capital increase for 2005 is 2005.07.03; the approved document number is Ching-Guan-Cheng-Fa-Tzi No. 1040025122.
2015: Convertible bonds converted into shares are registered at least once a quarter with the company's registration authority for capital changes in accordance with Article 34 of the "Rules Governing the Issuer's Collection and Issuance of Marketable Securities.
2016: Convertible bonds converted into shares are registered at least once a quarter with the company's registration authority in accordance with Article 34 of the "Rules Governing the Issuer's Collection and Issuance of Marketable Securities.
The approved date of capital increase for 2016 is 2016.01.14; the approved document number is Ching-Guan-Cheng-Fa-Tzi No. 1040054002.
The approved date of capital increase for 2017 is 2017.05.17; the approved document number is Ching-Guan-Cheng-Fa-Tzi No. 1060016176.
The effective date of the declaration of the capitalization of the 2017 surplus is 2017.07.31.
The approved date of capital increase for 2019 is 2019.07.18; the approved document number is Ching-Guan-Cheng-Fa-Tzi No. 1080322470.

2. Types of stock

Type of Shares	Authorized Capital			Remarks
	Issued Shares (Note)	Un-issued Shares	Total Shares	
Common Stock	384,565,652	95,434,348	480,000,000	

Note: Of the shares issued, 384,565,652 shares were listed shares.

3. If the issuance of marketable securities is approved under the omnibus reporting system, information on the approved amount, scheduled issuance and issued marketable securities should also be disclosed: Not applicable.

(2) Status of Shareholders

Apr. 19, 2022

Status of Shareholders / Items	Government Financial Institutions	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Treasury Stock	Total
Number of Shareholders	0	7	229	44,379	67	--	44,682
Shares	0	9,061,516	163,296,336	205,596,791	6,611,009	--	384,565,652
Percentage	--	2.36%	42.46%	53.46%	1.72%	--	100.00%

Note: First listed companies and emerging companies should disclose the proportion of their shares held by Chinese capital; Chinese capital refers to the people, legal entities, organizations, and other institutions in mainland China or their companies invested in third regions as stipulated in Amendment No. 3 to the Regulations for the Permission of People from Mainland China to Invest in Taiwan.

(3) Shareholding Distribution Status

1) Common Stock Apr. 19, 2022

Shareholdings Tiers		Number of Shareholders	Shares	Percentage
1 to	999	25,557	2,424,032	0.63%
1,000 to	5,000	13,222	28,722,481	7.47%
5,001 to	10,000	2,728	20,518,543	5.34%
10,001 to	15,000	1,024	12,719,665	3.31%
15,001 to	20,000	553	10,110,886	2.63%
20,001 to	30,000	581	14,378,782	3.74%
30,001 to	40,000	261	9,267,234	2.41%
40,001 to	50,000	157	7,203,631	1.87%
50,001 to	100,000	337	23,543,240	6.12%
100,001 to	200,000	124	17,868,910	4.65%
200,001 to	400,000	71	19,858,326	5.16%
400,001 to	600,000	21	10,410,293	2.71%
600,001 to	800,000	8	5,493,609	1.43%
800,001 to	1,000,000	9	8,011,730	2.08%
Over 1,000,001		29	194,034,290	50.45%
Total		44,682	384,565,652	100.00%

2) Preferred Shares: None.

(4) List of Major Shareholders: List of shareholders with a shareholding of 5% or more or the top ten shareholders in terms of shareholding

Shares / Shareholder's Name	Shares	Percentage
Fufa International Investment Co., Ltd.	31,268,067	8.13%
Fuhua Investment Co., Ltd.	30,000,994	7.80%
FUSON INTERNATIONAL CO., LTD.	30,000,443	7.80%
Yongyi Investment Co., Ltd.	18,776,460	4.88%
Chenxi International Investment Co., Ltd.	17,664,370	4.59%
Property Investment (Stock) Company	9,381,819	2.43%
Employee Stock Ownership Association Trust Property Account in CTBC entrusted by DE LICACY INDUSTRIAL CO., LTD for custody	8,750,777	2.27%
Songnian Investment (Stock) Company	5,447,128	1.41%
WELL UNIQUE ENTERPRISE CO., LTD.	3,716,479	0.96%
Di Zhai Space Design Limited	3,663,293	0.95%

(5) Market Price, Net Worth, Earnings, and Dividends per Share for the past two years:

Items \ Year				2020	2021	As of Mar. 31, 2022 (Note 8)
per Share Market Price (Note 1)	Maximum			27.25	19.70	17.95
	Minimum			15.00	15.00	15.00
	Average			19.93	16.97	15.87
Net worth per share (Note 2)	Before distribution			12.23	12.10	--
	After distribution			11.93	--	--
Earnings per share	Weighted Average Shares (thousand shares)			383,924	384,566	384,566
	Earnings per share (Net loss)(Note 3)		Before adjustment	(0.54)	0.48	0.30
			After adjustment	(0.54)	0.48	0.30
per Share Dividends	Cash Dividends	Bonus shares		--	--	--
		Dividends from Capital Surplus		--	--	
	Bonus shares	Bonus shares		--	--	--
		Dividends from Capital Surplus		--	--	--
	Accumulated Undistributed Dividends (Note 4)			--	--	--
Return on Investment	Price / Earnings Ratio (Note 5)			(36.91)	35.35	--
	Price / Dividend Ratio (Note 6)			--	--	--
	Cash Dividend Yield Rate (Note 7)			--	--	--

Note 1: The highest and lowest market prices of common stock for each year are listed, and the average market price for each year is calculated based on the value and volume of transactions for each year.

Note 2: Please fill in the number of shares outstanding as of the end of the year, based on the resolution of the board of directors or the shareholders' meeting of the following year.

Note 3: If there is a retroactive adjustment due to a no-compensation stock allotment, the earnings per share before and after the adjustment should be shown.

Note 4: If the conditions of issuance of equity securities provide that unpaid dividends for the current year may be accumulated and paid in the year of earnings, the dividends accumulated and unpaid as of the current year should be disclosed separately.

Note 5: The Price / Earnings Ratio = average closing price per share for the year / earnings per share.

Note 6: The Price / Dividend Ratio = average closing price per share for the year / cash dividend per share.

Note 7: The Cash Dividend Yield Rate = cash dividend per share / average closing price per share for the year.

Note 8: The net value per share and earnings per share should be presented as of the most recent quarterly period audited (reviewed) by the accountants as of the printing date of the annual report; the remaining columns should be presented for the current year as of the printing date of the annual report.

(6) Dividend Policy and Implementation Status

1. Dividend Policy

Article 26-1 of the Company's Articles of Incorporation provides as follows: The Company shall first set aside 10% of the Company's annual earnings, if any, as legal reserve, except that if the legal reserve has reached the amount of the Company's paid-in capital, it may not be set aside, and the remainder shall be set aside or reversed to a special reserve in accordance with the provisions of the Act, and the remainder shall be added to the accumulated undistributed earnings of previous years as distributable earnings. The Board of Directors shall, at its discretion, retain the accumulated undistributed earnings of the previous year as distributable earnings and prepare a proposal for the distribution of the earnings to shareholders for resolution at the shareholders'

meeting.

The Company shall distribute dividends with reference to the characteristics of the industry's economic cycle and in the interest of sustainable operation and long-term development. The cash portion of dividends and bonuses to shareholders shall not be less than 10%, subject to adjustments based on the Company's performance and capital requirements.

2. Implementation Status

On April 29, 2022, the Board of Directors approved the appropriation of 2021 earnings, proposing a cash dividend of $0.25 from capital surplus of $96,141 thousand, which has not yet been resolved by the shareholders' meeting as of April 30, 2022.

(7) The effect of the proposed gratis stock allotment at the shareholders' meeting on the Company's operating results and earnings per share: The shareholders' meeting was held without a resolution for the allotment of shares.

(8) Information on Remuneration of Employees Directors and Supervisors:

1.The percentage or scope of remuneration for employees, directors and supervisors as set forth in the Articles of Incorporation:

Article 26 of the Company's Articles of Incorporation provides as follows: If the Company makes a profit in a year, it shall set aside not less than 4% as employee compensation, which shall be distributed in shares or cash by resolution of the Board of Directors, to employees of subordinate companies who meet certain criteria; the Company may set aside not more than 3% of the above-mentioned profit as remuneration to directors and supervisors by resolution of the Board of Directors. The remuneration to employees and remuneration to directors and supervisors should be reported to the shareholders' meeting.

However, the Company's accumulated losses shall have been covered first, and then the remuneration to employees and directors and supervisors should be provided in proportion to the aforementioned amount.

2.The basis for estimating the amount of compensation to employees, directors and supervisors, the basis for calculating the number of shares for employee compensation distributed in stock, and the accounting treatment if the actual amount of allotment differs from the estimated amount:

(1) The basis for estimating the amount of employees' remuneration and directors' and supervisors' remuneration for the current period: In accordance with the Company's Articles of Incorporation.

(2) The basis for calculating the number of shares to be allotted as stock dividends and the actual amount allotted: None.

(3) Accounting for differences from estimates: The accounting treatment is based on the change in accounting estimate.

3. The Board of Directors approved the distribution of remuneration:

(1) Employees' remuneration and directors' and supervisors' remuneration distributed in cash or shares.

The profit for the year is NT$176,513,222, and 4% of the profit is intended to be paid to employees in the amount of NT$7,060,529 and distributed to employees in cash, and 1.5% of the profit for the year is intended to be paid to directors and supervisors in the amount of NT$2,647,698, resulting in a net profit before tax of NT$166,804,995.

(2) The amount of employee compensation distributed in stock and its proportion to the aggregate amount of net income after tax and total employee compensation in the individual financial statements for the period: Not applicable.

4. The actual allotment of employees', directors' and supervisors' remuneration in

the previous year (including the number of shares allotted, the amount and the price of shares), the difference between the allotment and the recognition of employees' bonuses and directors' and supervisors' remuneration, and the amount of the difference, the reasons for the difference and the circumstances under which the difference was handled, should be stated: None.

(9) Buyback of Treasury Stock: None.

2. Corporate Bond: None

3. Preferred Shares: None

4. Issuance of Overseas Depositary Receipts: None

5. Employ Stock Warrants: None

6. New Restricted Employee Shares: None

7. Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares: None

8. Implementation of capital utilization plan

(1) Implementation Content: None.

(2) Status of implementation: None.

V. Operations Profile

1. Business Scope

(1) Business Scope

1. The principal elements of the Consolidated Company's business operations are as follows:
   (1)Printing, dyeing, finishing, manufacturing and trading of various textile products such as bubble fabric, blended fabric, jacquard, plaid, stretch fabric, chemical fiber fabric, polyester cotton fabric, silk satin, etc.
   (2)Manufacturing, trading, processing, importing and exporting of the aforementioned products and related yarn materials.
   (3) Artificial fiber manufacturing industry.
   (4) Cloth wholesale industry.
   (5) Dyes and pigments wholesale industry.
   (6) Pollution control equipment wholesale industry.
   (7) Cloth retail industry.
   (8) Specific professional area development industry.
   (9) Industrial plant development for lease and sale.
   (10) Clothing industry.
   (11) All business items that are not prohibited or restricted by law, except those that are subject to special approval.
2. Percentage of sales revenue

Main Products	2021 Operating Ratio
Staple Fiber Fabric	11.22%
Long-fiber fabrics	83.84%
Other	4.94%
Total	100.00%

3. Our current products
   (1)Short fiber fabric: short fiber first dyed yarn fabric, short fiber first dyed yarn elastic fabric, Poly/Nylon Y/D fabric, Poly/Nylon elastic Y/D fabric, long and short fiber interwoven fabric, special tissue fabric and short fiber/long and short fiber interwoven fabric after dyeing and finishing processing (sanding, brushing, shearing, printing, embossing, hole punching...) etc.
   (2) Long-fiber fabrics: advanced polyester, nylon long-fiber cloth, new combined fiber (including microfiber, combing wool tone, imitation hemp tone, fleece tone) cloth, suede cloth, peach skin fabric, shaped cross-sectional functional cloth, environmental protection recycling (polyester, nylon) cloth, furniture decoration cloth, curtain cloth, type memory cloth, coated cloth / laminated composite processing cloth, finishing process (sanding, brushing, shearing, printing, calendering, embossing, flocking, hole punching...) etc.
4. New products planned to be developed
   (1) Staple Fiber Fabric:
      A. Eco-friendly recycled cotton and synthetic fiber BLEND, emphasizing environmental friendliness and comfort.
      B. Environmentally friendly recycled SPUN FLANNEL fabric.
      C. Hole ventilation function first dyed elastic cloth.
      D. Multi-layer composite functional fabrics (antibacterial and deodorization,

anti-UV, chlorine resistance, moisture absorption and perspiration, waterproof and permeability, heat storage and temperature preservation, coating, lamination, anti-wrinkle processing).

E. High-sensitivity nylon TACTEL, SUPPLEX and polyester stretch shirting fabrics.

F. Bio base material spandex shirting fabric.

(2) Long-fiber fabrics:

A.Waste recycled eco-friendly polyester elastic fabric.

B. Lightweight and high-strength nylon fabric.

C. High-strength nylon yarn elastic pants.

D. Imitation cotton feeling ATY elastic fabric.

E. Multi-layer composite functional fabrics (antibacterial and deodorization, anti-UV, chlorine resistance, anti-rainforest, anti-feather, coating, lamination, printing, embossing, 3D embossing, flocking, hole-punching).

F. Translucent coating and pearl printing composite processing.

G. Environmentally friendly recycled polyester, nylon fiber development.

H. Recycled environmental protection PU white film 2 layers, 3 layers laminated processing

(2) Industry overview

(1) Current status and development of the industry

Developed countries around the world have been developing their textile industries for decades. Under the influence of the increasing textile trade, all aspects of the industry are in a highly competitive market environment. At this stage, China is the world's largest textile exporter, and developing countries are constantly competing with each other. In addition, the textile industry in China has grown by leaps and bounds to become a global manufacturing plant, and it has also become an important region for advanced countries to develop because of its huge domestic demand market. Taiwan's textile industry is facing the constraints of the internal business environment and the drastic changes in international competition, and needs to change from the OEM (contract manufacturing) production model to the ODM (design processing) / OBM (private label) technology R&D and design model. Therefore, at this stage, we are focusing on innovation, research and development, and design to strengthen our ability to design and operate our own brands, and to move toward higher economic efficiency. At this stage, in addition to developing existing products with advantages in response to the economic situation, it is more important to create markets by enhancing high value-added products and deep differentiation. Taiwan's textile industry has gradually shifted its production strategy towards non-price competition, and the consumer market has also shifted towards functional, functional and environmentally friendly fabrics. With a complete upstream, midstream and downstream production and marketing system, Taiwan has combined the advantages of natural and chemical fibers, and developed new products with high functionality and high value-added to create new demand, thus it has excelled in the global performance of functional textiles and become a major supplier of functional fabrics worldwide. The fabric development technology and manufacturing quality have been recognized by international manufacturers, and Taiwan's textile industry has a strong trade base and solid management experience. Moreover, Taiwan has established good strategic alliances with major international brands. Looking at the global textile industry, Taiwan has long been an important member of the global textile supply chain.

In recent years, due to the rapid changes in the global economic and trade environment and the prevalence of regional economic integration in the international arena, especially the implementation of free trade agreements between Korea and the European Union, the United States and mainland China, Taiwan's market share in these markets has been gradually replaced by China and Korea, resulting in negative growth in domestic textile exports in recent years. In the

second half of 2019, the overall economy will become conservative due to the trade war between the U.S. and China, and China's textile and apparel industry will show signs of recession. In order to prevent the impact of the trade war between the U.S. and China, apparel brand manufacturers will shift their orders from China to Taiwan or Southeast Asian countries. Taiwan textile manufacturers in ASEAN countries will be able to benefit from the effects of the trade war between the U.S. and China and are expected to achieve further success.

The textile industry in the 21st century has matured and traditional textile products are facing low price competition from developing countries, and the main production areas of downstream related industries have shifted to countries with lower labor costs. However, under the influence of global warming and climate anomalies, the issue of environmental protection has received much attention, and individuals' awareness of environmental protection has gradually risen, coupled with the increase in average personal income and quality of life, the general public is more willing to spend on higher quality sports and leisure goods, which has led to a new direction of development for the textile industry under the pressure of price competition. At present, the mainstream trend is towards eco-friendly fabrics and functional fabrics.

There are two main demands for eco-friendly fabrics, one is to reduce the energy used in the manufacturing process and the pollution produced by the product, and the other is to minimize the damage to the environment or to recycle the resources when the product is disposed of.

As for functional fabrics, the main functions can be classified into three categories: "comfort, safety, and special purpose". The comfort category includes heat storage, cooling, moisture wicking, etc., while the safety category includes anti-UV, anti-bacterial, anti-radiation, flame retardant, etc., and the special purpose category includes high tensile strength, ballistic protection, etc. Functional fabrics are fabrics with different functions made by special processing. In the early days, special processing led to expensive production costs, and most of the products had to be used to know their effects, so they were not favored in the market, but in recent years, through continuous research and development and improvement, and with major apparel brands focusing on promotion, functional fabric apparel has now taken a place in the market.

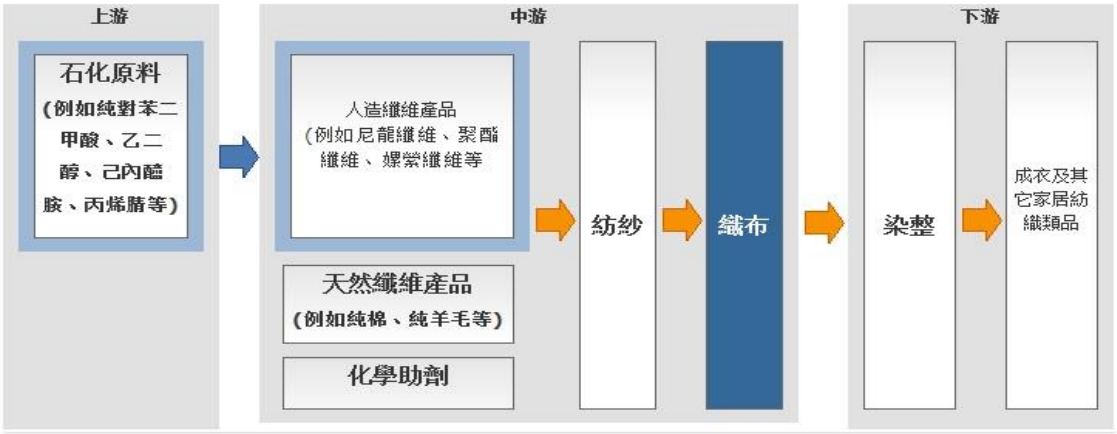
In addition, in recent years, the number of participants in soccer, jogging, golf, and yoga has increased due to the global trend of sports. In the past, the development of textile products focused on comfort and durability, which can no longer meet the needs of consumers nowadays. The demand for functional fashion is rising, not only for basic functionality, but also for comfort, beauty and fashion. This part of the market is categorized as Lifestyle, and the demand for functional fashion has penetrated into home wear, rather than being limited to outdoor or hiking use. Therefore, sports and leisure apparel has become the mainstream of today's wear, the world's leading apparel and sporting goods brands have launched sports and leisure-related apparel, and the global sports and leisure apparel market is also showing a trend of continuous growth.

According to Euromonitor International (2019/1), the global sportswear market reached US$200.97 billion in 2018, of which US$90.4 billion (45% of the total sportswear market) was for functional apparel, US$32.2 billion (16% of the total sportswear market) for outdoor apparel, and US$78.4 billion (39% of the total sportswear market) for lifestyle apparel. The global sportswear market is expected to grow at a rate of over 5% in 2018-2019, reaching a size of US$215.9 billion (NT$647 billion), with the growth of functional and outdoor apparel outperforming the average growth rate. The average annual compound growth rate of sportswear is estimated to be 6.21% from 2019 to 2023, indicating that there is still room for further development of the industry.

(2)Upstream, midstream, and downstream industry linkages

The textile industry chain can be divided into six major items，

petrochemical raw materials, fibers, spinning, weaving, dyeing and



資料來源：產業價值鏈平台。

finishing, and garments. The upstream is petrochemical raw materials, which are made into nylon fiber, polyester fiber, rayon fiber, carbon fiber and other artificial fiber products, and then spun into yarn, and then woven into fabric, then bleached, dyed, printed, coated, finished and other dyeing and finishing procedures, and cut and sewn into garment products or other related textile products. The products are then cut and sewn into garments or other related textile products. The Company and its subsidiaries' main products are long- and staple-fiber fabrics, which are mainly in the midstream of the overall textile industry.

(3)Various trends of product development

Although the sales volume was affected by the global financial crisis in the past few years, the recovery of the economy in the past two years has boosted the demand for textile products, and the textile industry is a basic industry for people's livelihood. The textile industry is a basic industry for people's livelihood. With the rising demand from Mainland China and emerging countries, the demand for textile products will remain stable as fabrics are increasingly developed into functional fabrics that meet health needs and functional leisure sports fabrics.

(4)Competition status

Our company has a good research and development team, constantly research and develop high value-added products, and actively participate in government-assisted industrial project cooperation programs and government-organized textile training courses, and send our research and development staff to participate in international fabric exhibitions to learn the market trend information, and further enhance our research and development staff's fashion acumen and innovative technology capabilities. In addition, we also strengthen the integration of enterprise resources management, focusing on the integration of research and development, production, marketing, and financial management, and review and plan again, with the goal of rationalization, high efficiency, high quality, and low cost, in order to strengthen the operation quality and improve the operation performance.

(3) Technology and R&D Overview

(1)The principal elements of the Consolidated Company's business operations are as follows:

Since our company was established, we have been actively participating in government-assisted industrial projects, technical seminars of academic institutions and textile training courses held by the government. The Company has sent our R&D staff to participate in international fabric exhibitions and visit our brand customers from time to time to understand customers' brand needs and learn the market trend information, so as to enhance our R&D staff's fashion acumen and innovative technology ability. The Company accumulates our core technology through deep research and patent application.

(2)Research and development expenses for the most recent year and for each year ended on the date of the annual report.

Items	2021	As of Apr. 30, 2022
Expenses	NT$230,732 thousand	NT$73,016 thousand
Percentage of turnover %	2.20%	1.83%

(3) Successful technology or product development in the most recent year：

Item / Year	Description of R&D results
2017	(1) WEAVE FLEECE LONG PILE (2) RECYCLE NYLON (3) COTTON/T400 HARD CORE STRETCH (4) WEAVE STRUCTURE STRETCH (5) POLYESTER/WOOL BLEND STRECTCH (6) GRADIENT EFFECT SHADOW YARN (7) NYLON TACTEL MELANGE SHIRTS (8) BI-STRETCH A-DRY CLEAR COATING (9)PUIMITATION LEATHER 3LAYER LAMINATION (10)SOFT HAND-FEEL AND SILENCE 2LAYER LAMINATION
2018	(1) RECYCLE PI-TECH (2) RECYCLE DL- DL (3) N50D FDY WITH STRETCH (4) FLEECE &LONG PILE TECH (5) YARN DYE AERO TECH STRETCH (6) NYLON ATY WITH STRETCH SHIRTS (7) anti pilling melange flannel (8)DIFFERENT SHRINKAGE EFFECT SEERSUKER (9) WATER BASED PU COATING (water-based PU sizing products) (10)SMOOTH HANDFEEL AND 4 WAY-STRETCH 2LAYER&3LAYER LAMINATION
2019	(1) NYLON POWER STRETCH WITH 70D SPANDEX. (2) RECYCLE NYLON(PRE&POST)STRETCH. (3) DLFIT SLUB (4) DLCORE 400 (5) YARN DYE AERO TECH WITH HIGH STRENGTH YARN. (6) NYLON COOL WITH STRETCH SHIRTS (7) 30D LIGHT WEIGHT STRETCH 3 LAYER LAMINATION (8) AERO-TECH 3 LAYER LAMINATION (9) WEFT STRETCH DOWN PROOF COATING (10) SOFT HANDFEEL WAX COATING
2020	(1) DOUBLE FACE FLEECE (2)NYLON ATY WITH STRETCH PANTS (3)FLEECE WITH AERO TECH FUNCTION (4)EVOLUTION FLEECE 2.0 (5)YARN DYED PI TECH SHIRTS (6)NYLON ANTI-BACTERIAL FUNCTIONAL FIBER WITH (7)RECYCLE ANTI PILLING FLANNEL

Item / Year	Description of R&D results
	(8)2-LAYER LAMINATION RE-TPU FILM (9)3- LAYER LAMINATION RE-TPU CLEAR FILM (10)NATURAL FIBER BLENDED FABRIC WITH OIL-WAX COATING AND PRINTING VINTAGE OUTLOOKS
2021	(1)SEERSUCKER WITH AERO TECH FUNCTION (2)YARN DYED STRETCH WITH AERO TECH FUNCTION (3)CORDURA WITH STRETCH PANTS (4)100% RECYCLE SIDE BY SID FABRIC (5)COTTONY LIKE DLCORE STRETCH PANTS (6)FINE DENIER MELANGE RECYCLE WITH STRETCH FABRIC (7)TENCEL ANTI-BACTERIAL FUNCTION FIBER WITH STRETCH SHIRTS (8)TRANSLUCENCE WITH COATING& PEARL PRINT (9)2、3 LAYER LAMINATION RE-PU WHITE FILM (10)2.5 LAYER WITH WARM PRINTING
2022 Up to now	(1)COTTON/LYOCELL BLEND ANTI-BACTERIAL FABRIC (2)LIGHT WEIGHT CORDURA FABRIC (3)LANZATECH POLYESTER WITH STRETCH FABRIC

(4) Long- and short-term business development plans

A. Long-term business development plan

(1) Continuously expanding vertical integration of production capacity to pursue market share.

(2) Actively participate in international exhibitions and visit foreign customers to expand the export market.

B. Short-term business development plans

(1) Continuously innovate products to shorten development lead time and provide customers with diverse product choices.

(2) Improve customer service quality and provide comprehensive solutions to meet consumer needs.

(3) Increase the added value of our products and maintain a high level of competitiveness.

(4) Integrate the supply system and enhance product distribution.

2. Market and Sales Overview

(1) Market analysis

1.Major product sales regions

Unit: NT$1,000

Area \ Year		2020		2021	
		Sales amount	Percentage	Sales amount	Percentage
Foreign Sales	Asia	2,026,678	23.58%	3,128,290	29.86%
	Europe	1,293,680	15.05%	1,487,131	14.20%
	Americas	424,459	4.94%	473,349	4.52%
	Other	1,084,606	12.62%	992,886	9.47%

Domestic Sales	4,867,582	3,765,236	4,394,029	41.95%
Total	8,594,659	100%	10,475,685	100%

Our main target markets include North America, Europe, Japan and other international outdoor functional products, sports and leisure brands and popular brands of men's and women's apparel. Our products cover functional outdoor apparel, sports and casual apparel, popular men's and women's apparel, Uniform, and the North American and European home furnishing markets.

(1) Staple Fiber Fabric

Our main products are cotton/polyester/nylon pre-dyed elastic plaid, bubble fabric, brush-cut flannel, golf ball, and long and short fiber interwoven fabric...etc. Through our professional pattern design capability, new functional fiber development and differentiated finishing, our products are well received by brand customers and sold all over the world.

A. Domestic Market

We combine with major domestic traders such as Shi Chun, An Feng, Yaojin, Jiutian, etc. to develop products for domestic and foreign brand customers. We are able to develop products for domestic and foreign brand customers' needs, and to gain customers' trust with our fast product development capability and accurate production delivery time to create a win-win situation.

B. Export market

Includes European sports outdoor leisure brands and North American sports, popular men’s and women’s brands, Japanese sports brands mainly include Eddie Bauer, Express, POLO, 5.11, UA, ADIDAS. In recent years, we have been investing in new looms, spinning machines, part of the warping machines and other equipment to improve the quality of our products.

We have been actively adjusting our product structure and developing advanced new products by applying the characteristics of domestic functional man-made fibers, and our products have been gradually accepted by the market, creating higher export sales.

(2) Long-fiber fabrics

With the professionalism of functional fabrics and the ability to combine design with fashion trends, we provide outdoor functional and sports brands with more diversified and rich choices. We have established a complete international marketing channel and cooperated with regional traders, agents and international famous brands through strategic alliances.

A. Domestic Market

Combined with the main domestic traders such as fiber, Ning Mei, Shi Chun, pray source... For domestic and foreign brand customers such as FJ, WOOLRICH, VAUDE, JWS, MILLER, VF Group's international brands... We develop products for the needs of domestic and foreign brand customers such as FJ, WOOLRICH, VAUDE, JWS, MILLER, VF Group's international brands... etc. Through strategic alliances with regional traders, agents and internationally renowned brands, we are able to fully share resources and improve our production capacity and efficiency.

B. Export market

a. Asia

(a) Japanese Market

Japanese sports brand market will be mainly overseas processing garments back to Japan, ASEAN Japanese garments tariff-free

incentives, Taiwan's R & D capabilities + Vietnam bulk production, the current cooperation brands are UNIQLO ASICS MIZUNO. Due to the Japanese side's quality promotion, this market transaction will help to improve the quality of the factory and the production capacity of the production equipment to continue to grow.

(b) Southeast Asia Market

Southeast Asian countries are currently the main production sites of international sportswear brands in Europe, the United States and Japan. We are cooperating with garment factories such as HOJEN (Indonesia), YONGONE (Bangladesh), Cambodia, JENSMART (Vietnam), HAEWAE APPAREL and the Philippines, and we hope to strengthen our cooperation with garment factories to increase the amount of fabric purchased by them.

b. European Region

The European market focuses on environmental protection issues and requires organic, recycled and non-toxic products, mainly for sports brands and furniture fabrics. Through intensive customer visits and long-term cooperation with our agents, the market has grown steadily. Currently, we are accelerating the application of environmentally friendly materials such as recycled polyester and fluorine free water repellent to cooperate with brands such as DECATHLON, SYMTHONY, SALOMON, JACK WOLFSKIN ....., and we are fully grasping the market opportunities and product advantages, and we should make good progress this year.

c. North America

The North American apparel market is the largest in the world and the company’s most important fabric supplier, covering functional outdoor apparel, sports and casual apparel, popular men’s and women’s apparel, Uniform and home decor markets. Our brands include UA, COLUMBIA, LEVIS, 5.11, ADIDAS, and EXPRESS. In addition to deepening the application of our existing customers' products, we also focus on the needs of individual brands in niche markets, introducing new processing technologies, developing advanced new products, and strengthening our marketing channels and marketing services to create higher export sales.

2.Market share

Due to our complete production facilities, from upstream processing yarn, warping, sizing, embroidery, dyeing and finishing, post-processing coating, laminating to final physical quality control, we have a complete set of machines and equipment, which are vertically integrated to give full effect to our product structure, processing methods and product quality. As a result, the company’s high quality fabrics are well recognized by international sports brands and home decoration markets in the U.S., Canada, Europe and Japan, and its market share and sales have been increasing year by year. We continue to innovate in the research and development, production and marketing of staple fabrics to maintain steady growth in the market. In terms of long-fiber fabrics, we not only continue to develop in the original furniture market, but also shift to the high unit price

sports market, and produce complex functional fabrics, and our strategy has become competitive than the industry.

For the years 2020 and 2021, the Company's main sales regions were 43.81% and 41.95% for domestic sales, 4.94% and 4.52% for the U.S. and Canada, 15.05% and 14.20% for Europe, 23.58% and 29.86% for Asia, and 12.62% and 9.47% for others, respectively.

In addition, we have established stable partnerships with our brand customers over a long period of time, and our products are designed and developed at the development stage to meet the needs of our customers. The pattern design, material mix, and functional processing of our products are diversified to meet the needs of international brands and the needs of consumers for personalized taste and fashionable novelty, and we will continue to maintain our professional advantage and take a place in the textile industry in the future.

3.Future market supply and demand and growth

Taiwan textile industry is facing the fierce challenges of the rapidly changing world economic and trade situation, and under the premise of technology upgrade, innovation and research and development, it has successfully played a part in the global functional textile supply chain by virtue of its diversified and differentiated product development capabilities. The Company has continuously introduced products that meet the four requirements of “fashion”, “functionality”, “environmental protection” and “intelligence” in line with international trends, and provide “Total Solution” quality services for fabrics and garments to international customers. With the rapid sampling and small quantity production model, Taiwan manufacturers have been favored by international customers and have grown steadily. As Taiwan manufacturers are recognized by international brands for their ability to develop and design new products for fabrics, they regard Taiwan as a sourcing hub, establishing the importance of Taiwan’s textile industry in the global market.

With the gradual rise of national income and population growth in the world, textiles have been a necessity for people’s livelihood and the demand for them has been growing steadily. In recent years, the increasing consumer demand for textile quality, the rise of sports and extreme weather have created a vast market opportunity for the development of functional textiles. In recent years, consumers prefer a lifestyle that “combines sports, work and life”, so there is a strong demand for high-functioning fashion textiles. Faced with low price competition, Taiwan is unable to compete with Vietnam/Continental China, so it turns to develop medium and high priced products, and has become the first choice for global brands to purchase functional fabrics. With major international brands launching functional fashion apparel one after another, the market demand is still growing.

4. Competition niche

A. With a complete production line, strong competitiveness of products

Our company has staple fiber mills, long fiber mills, yarn dyeing and finishing mills, and post-processing and laminating mills, which constitute a complete production line, and not only meet the benefits of economic scale, but also eliminate the waste of moving between different factories, vertically integrate various departments to bring out the integrated effect of the industry, and develop more diversified products. In addition, the company has planned to automate the management of machines and computerized information systems in recent years, so that the production capacity can be greatly improved, which can help alleviate the shortage of labor force and the phenomenon of rising wages in recent years, and effectively control the cost, so its products are highly competitive.

B. Strong research and development capabilities, product innovation

Our company is committed to the research and development of new products, and has received unanimous praise from domestic and foreign customers. The new products developed by our company can effectively meet the market demand, and can steadily develop a source of orders. In order to avoid the impact of labor cost advantage in emerging countries, we are developing into the advantageous raw materials in Taiwan, continuously developing and introducing functional fabrics to increase the added value of our products, and to be able to grasp the market opportunities and differentiate from the large number of standardized products at any time, so as to maintain the high competitiveness of the company and help to increase

the value of production and profitability.

C. Experienced management, production technology and quality

The main management of our company has many years of practical experience in the textile industry and is specialized in research and development of production technology and quality control, and attaches great importance to technology inheritance and development, actively cultivating outstanding talents and introducing new equipment to improve production efficiency.

In summary, the Company attaches importance to quality and research and development, provides high quality, small quantity and variety of products with special functions, and has a complete product line to meet customer needs, and its products should be competitive.

5.Favorable and unfavorable factors of development prospect and countermeasures

(1) Favorable Factors:

A. With a complete production line, strong competitiveness of products

Our company has staple fiber mills, long fiber mills, yarn dyeing and finishing mills, and post-processing and laminating mills occupied more than 19,000 pings of land, which constitute a complete production line, and not only meet the benefits of economic scale, but also eliminate the waste of moving between different factories, vertically integrate various departments to bring out the integrated effect of the industry, and develop more diversified products. In addition, the company has planned to automate the management of machines and computerized information systems in recent years, so that the production capacity can be greatly improved, which can help alleviate the shortage of labor force and the phenomenon of rising wages in recent years, and effectively control the cost, so its products are highly competitive.

B. Strong research and development capabilities, product innovation

Our company is committed to the research and development of new products, and has received unanimous praise from domestic and foreign customers. The new products developed by our company can effectively meet the market demand, and can steadily develop a source of orders. In order to avoid the blow of the labor cost advantage of the emerging development countries, we are developing the advantageous artificial fiber raw materials in Taiwan, and continuously developing and launching Polyester/Nylon Y/D, DLFIT Y/D, ANTI PILLING FLANNEL, long and short fiber interwoven elastic fabric, anti-UV, super water repellent, anti-bacterial and anti-odor, moisture absorption and perspiration, cool feeling and heat storage...etc. In terms of long fibers, we have launched the island open fiber microfiber fabric, long fiber elastic stretch fabric, DLFIT, AERO TECH, AERO TECH 180, AERO TECH 360, PI-TECH, fine monofilament high density fabric, suede series, new functional trouser fabric, and the development of multi-functional composite series products. As the Company continues to develop new products and increase the added value of its products, it is able to grasp the market opportunities at any time, supplemented by its own research and development of its own yarn types, thus differentiating itself from the large number of standardized products of other weaving mills, enabling the Company to maintain a high level of competitiveness and helping to increase its production value and profitability.

C. Emphasized production technology and quality

Our company specializes in research and development of production technology and quality control, and attaches great importance to technology inheritance and development, actively cultivating outstanding talents and introducing new equipment to improve production efficiency, and successively obtained the European “Oeko-Tex” certification in 1999, and was awarded the best partner program member of Du Pont (INVISTA 2002) in ‘89. In 2006, we established a physical property inspection center and a special processing plant, and in 2012, we passed the bluesign certification, and in 2014, we launched the Delinno fabric brand concept and obtained the DLFIT trademark, and in 2015, we obtained the Delinno trademark, and our continuous efforts prove that we have always attached importance to the policy of product quality, and our products are sold in Japan and

other regions with strict quality requirements. The production technology and quality of our products have been recognized by the market.

Taiwan's textile technology has been recognized by the market and is an important supply area for functional textile products worldwide, which is conducive to market expansion.

(2) Unfavorable factors and countermeasures:

Favorable Factors	Countermeasures:
Labor shortage and rising labor costs In recent years, due to the popularization of education and the improvement of income, the employment choice of workers is no longer keen on "labor-oriented" jobs, and the phenomenon of labor shortage is common. The textile industry has a poorer working environment compared to other industries, resulting in a high labor turnover rate and higher labor costs, resulting in higher production costs.	We strengthen the introduction of high-speed, automated equipment in order to reduce the dependence on labor. Also, we will review the rationalization of wages, improve labor conditions, and enhance non-salary welfare measures to reduce turnover and improve the quality of operations.
Competitive issues in developing countries As the domestic textile industry has shifted to invest in Southeast Asia and China, the outflow of textile technology has been caused. In contrast, the cheap wages in Southeast Asia and China are lower in price to enter the international market, thus affecting the international competition of our textile industry.	1.We focus on multi-layered processing and high value-added high quality fabric, and continue to increase the proportion of sales of small quantities, multiple samples, special functions, and high-priced products. 2.To improve management performance to reduce costs and accelerate new product development and research, and to establish our own marketing channels to achieve a different market segmentation between our products and the lower level products in Mainland China and Southeast Asian countries. 3.Enhance product service, develop new products in response to market trends, strengthen sampling organization and analysis capabilities, and supplement with computerized design systems to quickly respond to market demands.
Downstream industry moving out Due to the rapid changes in the industrial environment, the downstream garment and accessory industries have moved out of the country, making the export market for cooperation between the textile and garment industries increasingly narrow.	1. Strengthen the interaction with brand customers and cooperate directly with final buyers to improve the sales volume and the stability of single source, and actively grasp the main and potential customer base. 2. Promote our core products and strengthen the access to garment factories.

(2) Important applications and production processes of major products

1.Important applications of the main products

(1) Staple Fiber Fabric

Product items	Features	Usage
Stretch fabric (SPANDEX) A.Nylon66 Tactel Elastomeric Stretch Fabric B.Polyester ATY/Nylon ATY medium and thick elastic stretch fabric C. Bubble fabric elastic stretch fabric	Comfortable and easy to wear without binding the free elasticity, hand feel draped smooth and not easy to wrinkle characteristics.	Shirts, Skirts and pants, GOLF, Casual wear, SPORTS

D. Warp/weft, two-way stretch fabric		
Long and short fiber interwoven blended fabric A. Interwoven with polyester, micro fiber and dummy yarn series B. Interwoven with Nylon, Nylon 6.6 series C. Blending or interweaving series with linen yarn	It has the comfort of natural fibers, superior functionality, softness, luster and drape of human fiber.	Shirt, suit, SPORTS, COAT, UNIFORM
FLANNEL A.T SPUN LOW PILLING B.T/W, C/W, CVC C.Polyester ATY/Nylon ATY N/T ATY	Soft and comfortable, thick and warm, not easy to pilling.	Outdoor, casual wear, suits, shirts
AERO TECH / AERO TECH PLUS A. Coarse and fine fiber transparent effect B. Coarse and fine fiber hole effect	Feel comfortable instead of stuffy when wearing and you will have breathable and cool feeling. The fabric has a three-dimensional effect.	Sports, casual jackets and shirts
Special effect cloth A. Dyeing willow and bubble cloth first B.First dyeing compound yarn series C. Fancy twisted yarn, velvet yarn, golden onion yarn Colorful cotton yarn, rhyming yarn	A. Cool B. Bright fabric, super soft texture, ultra-thin C. With a wealth of external changes	Shirts, blouses, suits, dresses
Functional series (coating, lamination processing, anti-wrinkle processing, waterproof and breathable, anti-UV, anti-bacterial and anti-odor, moisture absorption and perspiration, heat storage and temperature preservation, cool processing)		Sportswear, casual wear, shirts, jackets, pajamas, bedding fabrics

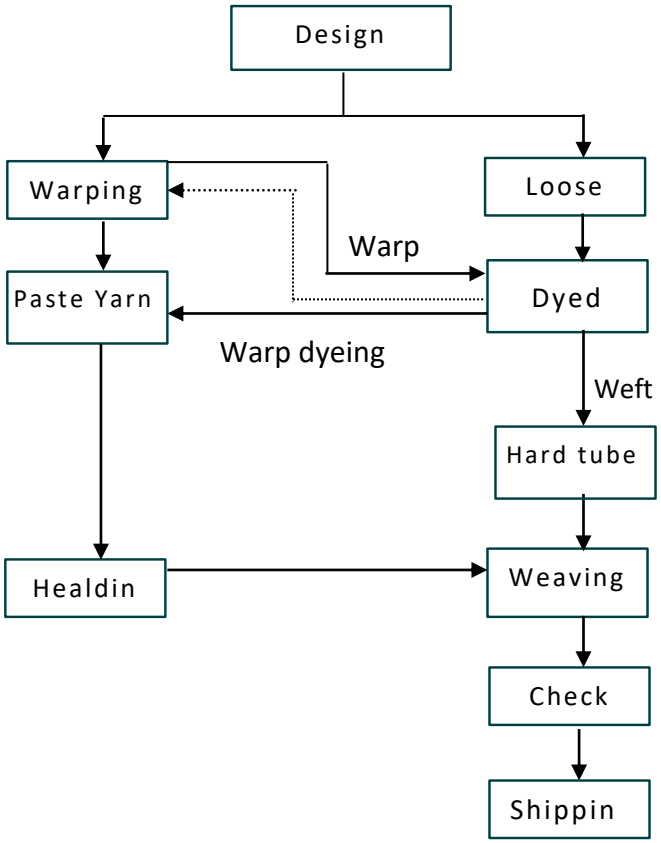
(2) Long-fiber fabrics

Product items	Features	Usage
Super Fine Denier Lightweight Series	Compact and light weight for easy storage	Packable Windbreaker Jacket
Silk-like series	Silk luster hand feel delicate draping like silk	Blouse, suit, pants skirt
Faux plush series T/CD compound yarn	The fabric surface twist mixed color velvet effect and good sense of rich thickness	Furniture & Accessories
Cotton-like feeling series Polyester ATY/Nylon ATY	Comfortable, soft and natural touch, UV resistant	SPORTS, GOLF TOP/BOTTOM
Pseudo Elasticity Series DL400	Stretchable and comfortable to wear	SPORTS、GOLF、OUTDOOR、RUNNING TOP/BOTTOM
AERO TECH	Feel comfortable instead of stuffy when wearing and you will have breathable and cool feeling.	Sports, casual jackets and shirts
PI-TECH	Soft and flexible in hand, free to stretch and contract and comfortable to wear	SPORTS、GOLF、OUTDOOR、RUNNING TOP

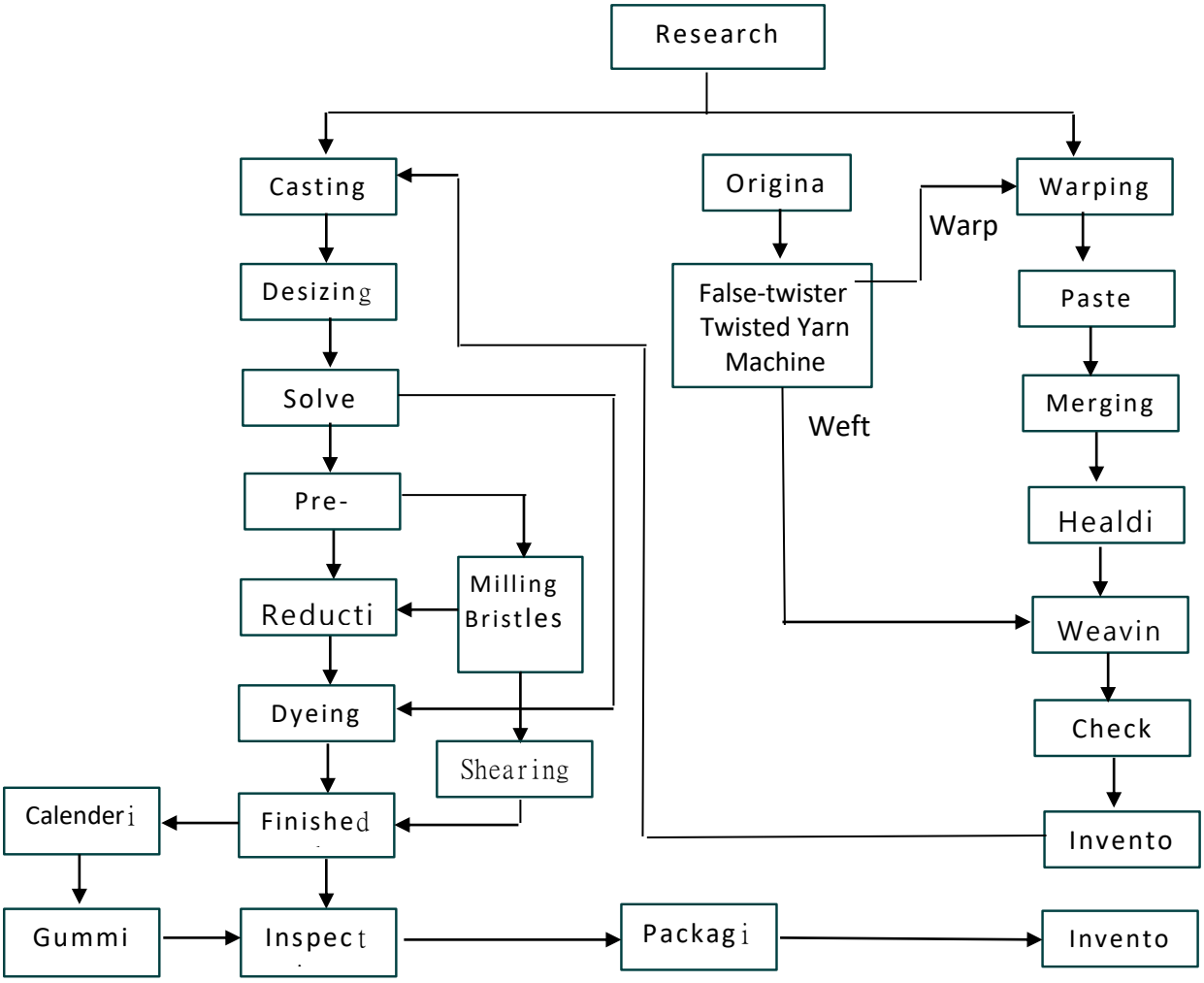
Elasticity of stretch (LYCRA) in longitudinal, latitudinal or bi-directional direction	Close to the body, light and soft feeling, stretch and elastic effect	Fashion, suits, sports and leisure apparel
Suede Series	Soft, elegant, faux-fur tones	Dresses, coats, coats, shoes, leather bags, home furnishing fabrics, sand releases, casual wear
Functional Series A.Breathable Fabric Waterproof and Breathable Fabric (High Functional Composite Fabric) B.UV-cut Fabric C.Anti-bacterial Fabric D.Easy dry Fabric absorbent and fast drying fabric E. Environmental protection over-allocation of water F. Rainproof, featherproof		Sportswear, casual wear, medical uniforms, shirts, jackets, outdoor leisure apparel

2.Production Process

(1) Staple Fiber Fabric



(2) Long-fiber fabrics



(3) The supply of major raw materials

Raw Materials	Source of Supply
Polyester yarn: Raw silk, processed silk, new synthetic fiber	NAN YA, SINO-FABRIC, FAR EAST, HYOSUNG, XIN XIN, HONG YI FIBER, Zhan Song, TUNG DILONG, LILI, JI SHENG, YIXIN, etc.
Staple Fiber Fabric: RAYON, T/R, T/C, CVC, COTTON, SPANDEX	Far East, Dong Hoa, Nam Fong, Vietnam, and Taihua, Vietnam.
Dyeing aids: Disperse dyes, reactive dyes, sulfide dyes, dyeing auxiliaries, general chemicals	Qianwang, Yuanqiao, Jinhuang Dye, Viming, Xingui, Huntsman, Gaolian, Huali, Maitong, Taiwan Plastics, Taiwan Sanwang, Rihua, Yufa, Zansheng, Xiejing, etc.

(4) The names of customers who have accounted for more than 10% of the total purchase (sales) in any of the last two years and the amount and percentage of purchase (sales)

(1) Information on major suppliers in the last two years: There were no customers with more than 10% of the total purchase amount in the last two years.

(2) Major customers in the last two years: There were no customers whose sales amount exceeded 10% in the last two years.

(5) Production value in the last two years

Unit: Thousands yards, thousands pieces, NT$1000

Production year / Quantity Value / Main Products	2020			2021		
	Productivity	Production	Product Value	Productivity	Production	Product Value
Staple Fiber Fabric	34,903	12,771	1,055,878	182,045	14,371	1,383,632
Long-fiber fabrics	190,889	128,210	5,412,549	33,450	154,427	6,148,560
Other	-	789	882,525	-	-	1,339,708
Total	225,792	141,770	7,350,952	215,495	168,798	8,871,900

Note 1: Production capacity refers to the amount of production that the company can produce under normal operation using existing production equipment after taking into account necessary shutdowns and holidays.

Note 2: If the production of each product is substitutable, the production capacity may be combined and explained in the notes.

(6) Sales volume during the recent two years:

Unit: Thousands yards, thousands pieces, NT$1000

Sales Year / Sale Quantity Value / Main Products	2020				2021			
	Domestic sales		Foreign Sales		Domestic sales		Foreign Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Staple Fiber Fabric	5,440	376,780	6,999	654,823	8,395	553,607	6,575	621,485
Long-fiber fabrics	75,608	3,051,430	44,427	4,053,562	86,784	3,425,803	65,602	5,357,526
Other	709	337,026	38	121,038	-	414,619	-	102,645
Total	81,757	3,765,236	51,464	4,829,423	95,179	4,394,029	72,177	6,081,656

3. Employee Information

Employee Information for the Past Two Years and as of the Publication of the Annual Report

Apr. 30, 2022

Year		2020	2021	As of Apr. 30, 2022
Number of employees	Production Department	1,967	1,959	2,046
	Work Affairs Division	160	182	187
	Others	434	399	436
	Total	2,561	2,540	2,669
Average age		39.22Years old	39.68Years old	38.47Years old
Average Length of Service		5.04years	5.76years	5.40years
Percentage of employees at each level	PhD	-	-	-
	Master	3.97%	3.84%	3.08%
	College	38.47%	38.30%	38.67%
	Senior High School	20.85%	21.81%	22.22%
	Below Senior High School	36.71%	36.05%	36.17%

4. Information on Environmental Expenditure Information

1. the provisions of the law, should apply for a pollution facility installation permit or pollution discharge permit or should pay pollution prevention and control fees or should set up special environmental protection unit personnel, the application, payment or establishment of the following description of the situation.

In order to implement environmental protection measures and improve the environmental quality of the plant, the Company has strengthened control over the production and related units, purchased anti-pollution wastewater treatment equipment, and conducted regular inspections of the operation of the equipment in order to meet the environmental requirements for wastewater discharge. The following is a description of the environmental protection established by law.

(1) Obtain a stationary source operating permit.

Date	Fixed pollution source operation permit number	Expiration Date	Remark
2015.12.13	Nan-Shih-Fu-Huan-Tsao-Cheng-Tzu No. D0446-00	2020.12.14~2025.12.13	Boiler steam generation program (M01)
2017.10.16	Nan-Shih-Fu-Huan-Tsao-Cheng-Tzu No. D0631-02	2017.12.30~2022.12.16	Boiler steam generation program (M03)
2018.04.17	Nan-Shih-Fu-Huan-Tsao-Cheng-Tzu No. D0497-02	2021.04.18~2026.04.17	Boiler steam generation program (M06)
2018.09.27	Nan-Shih-Fu-Huan-Tsao-Cheng-Tzu No. D0999-01	2021.04.18~2026.04.17	Thermal media heating program (M07)
2019.09.04	Nan-Shih-Fu-Huan-Tsao-Cheng-Tzu No. D0749-02	2019.09.05~2024.09.04	Printing and dyeing finishing program (M05)
2019.11.15	Nan-Shih-Fu-Huan-Tsao-Cheng-Tzu No. D0748-02	2019.11.16~2024.11.15	Printing and dyeing finishing program (M04)

(2) Obtain a stationary source operating permit.

Date	Water Pollution Control Permit No.	Expiration Date	Remark
2018.07.17	Nan-Shih-Fu-Huan-Tsao-Cheng-Tzu No. 00958-04	Jul. 16, 2023	Waste (sewage) water discharge surface water permit

(3) Specialized environmental protection unit personnel to obtain a license.

Certificate type	Certificate Number	The number of specialized environmental protection units should be set up	Number of people in our company
Class A Air Pollution Prevention Certificate	(85) Huan-Shu-Hsun-Cheng-Tzu No. FA010164	1	1
Class A waste (sewage) water treatment certificate	(83) Huan-Shu-Hsun-Cheng-Tzu No. GA110204 (89) Huan-Shu-Hsun-Cheng-Tzu No. GA110496	2	2
Class B waste (sewage) water treatment certificate	(99) Huan-Shu-Hsun-Cheng-Tzu No. GB330319	1	1
Level B Certificate of waste	(85) Huan-Shu-Hsun-Cheng-Tzu No. HA070479	1	1

In addition, in accordance with the standards for storage and removal of business waste, the Company assigns the removal of general business waste to qualified removal organizations approved by the Environmental Protection Administration, such as Shinpei Transportation Corporation, Seishun Corporation, Shinyu Environmental Engineering Co.

2.List the Company's investments in major equipment for the prevention and control of environmental pollution, their uses and potential benefits.

Unit: NT$1,000

Equipment Name	Items	Date	Investment Costs	Undiscounted balance	Uses and expected benefits
Wastewater Treatment Civil Engineering (Phase II)	Type 1	1993.04	37,733	1,685	Used for wastewater treatment to meet discharge standards
Wastewater Treatment Civil Engineering (Phase III)	Type 1	1998.05	19,031	0	Used for wastewater treatment to meet discharge standards
Wastewater Treatment Civil Engineering (Phase IV)	Type 1	2003.12	3,310	0	Used for wastewater treatment to meet discharge standards
Long fiber water treatment pool	Type 1	1994.01	3,759	145	Used for wastewater treatment to meet discharge standards
Staple fiber water treatment pool	Type 1	1994.01	3,360	129	Used for wastewater treatment to meet discharge standards
Phase I chemical flotation wastewater system improvement and reduction	Type 1	2015.07	4,601	3,960	Used for wastewater treatment to meet discharge standards
Sludge Drying Machine Project	Type 1	2016.06	20,540	12,960	For sludge reduction, it can reduce sludge volume by 1/2

(3) Total amount of damages and penalties for environmental pollution for the most recent year and up to the date of printing of the annual report: None.

(4) Future measures and possible expenses

1.Part of the proposed improvement (enhancement) measures

(1) Improvement (Enhancement) Plan

A. Expansion of pollution prevention and control equipment

The Company’s existing two sets of wastewater treatment facilities cost approximately $2.2 million per month (including equipment depreciation and maintenance costs, electricity costs, pharmaceutical costs, sludge transportation costs, and salaries of specialized environmental protection personnel, etc.), which means that each pound of yarn dyed requires an additional $1 of wastewater treatment costs, and each yard of dyed fabric bears $0.8 of wastewater treatment costs. In order to cope with the increase in the standard of effluent treatment by the EPA in 1998 and the need for expansion of our production and sales, an additional wastewater treatment facility (combined with the old one) was built in September 1997 with an investment of 35 million RMB. At present, the first old wastewater treatment facility can treat 3,000 tons/day and the second new wastewater treatment facility can treat 3,000 tons/day. At the beginning of 1999, we obtained ISO14001 DNV environmental protection certification, and we are continuing to improve our environmental management program.

We are constantly investing in the prevention and control of public hazards. In addition to adding pollution control and wastewater treatment equipment with new facilities, we are also adding better control equipment to meet the

requirements of the EPA. In the coming years, we will make every effort to cooperate with the government in environmental protection and fulfill our responsibilities to society as a modern enterprise.

B. Strengthen the waste reduction measures of yarn dyeing and finishing

For example, the recycling of waste heat and acid, the improvement of machine washing water and the recycling of cooling water.

C. Enhance end-of-pipe handling capacity

The wastewater is diverted and the aeration and biological treatment capacity is increased to reduce chemical usage and sludge generation.

(2) Estimated environmental expenditures for the next three years

The environmental expenditures in the next three years are as follows

	2021	2022	2023
Prepare to purchase to prevent pollution Equipment or expense content	Waste Gas Treatment	Waste Gas Treatment	Waste Gas Treatment
Expected improvement (enhancement) situation	〃	〃	〃
Amount	NT$3,500,000	NT$3,500,000	NT$3,500,000
Purpose	Improve boiler exhaust and air quality	Improve boiler exhaust and air quality	Improve boiler exhaust and air quality

(3) Impact after improvement

Impact on net income: The annual operating expenses as a percentage of net income are insignificant and the impact is minimal.

Impact on competitive position: Cooperate with the government in waste reduction, fulfill the responsibility of environmental protection, and enhance the good corporate image.

2.No countermeasures: Not applicable.

5. Labor Relations

(1) The Company's various employee welfare measures, training, training and retirement systems and their implementation, as well as the agreements between employers and employees and measures to protect the rights and interests of employees:

The Company's employee welfare measures are based on the relevant government welfare laws and regulations, and the Company's policies and employee needs are coordinated and planned by the Employee Welfare Committee.

The Welfare Committee coordinates the planning and implementation of employee welfare matters.

A majority of the members of the Welfare Committee will approve the implementation of the welfare policy.

The Employee Benefit Committee enforces and tracks the effectiveness of each benefit provision.

1. The main benefits offered by the Company and FSC are as follows:

(1) To set up an employee cafeteria to facilitate meals in the company and subsidize meal expenses.

(2) Establishment of male and female dormitories.

(3) Gifts or gratuities will be given on the Labor Day, Dragon Boat Festival, Mid-Autumn Festival and Spring Festival each year.

(4) Monthly birthday gift to the birthday girl.

(5) The midnight shift allowance is increased for midnight shift personnel.

(6) Arrangement of leisure activities.

(7) Labor insurance, universal health insurance, regular health checkups, employee group insurance (including life insurance, accident insurance, major injuries and illnesses (cancer, etc.)).

(8) Travel safety insurance: foreign business travel colleagues, the whole enjoy accident insurance and accidental medical insurance.

(9) Employee's wedding/children's wedding/new home completion/children's full moon gift and funeral ceremony.

(10) Employee Stock Ownership Trust Incentive Payment (must have served for 3 months or more).

(11) Benefits for supervisors above the classroom level: ①Annual transportation subsidy. ②Wedding and funeral gifts/benefits for immediate subordinates Subsidizing visitation gifts. Reducing burden on supervisors

(12) 3 months of summer allowance will be added to the on-site high temperature zone.

(13) Employees with two years of seniority are entitled to foreign travel subsidies.

(14) Professional license allowance: air pollution certificate, wastewater treatment license, waste treatment license, electrical technician, and boilers, etc.

(15) One professional license examination fee will be provided at full cost.

(16) To improve employee health consultation and services, we arrange regular outpatient services for factory doctors in the factory.

(17) In July of each year, a mid-year bonus will be paid when the profitability of the first six months of the year reaches the target set by the Company.

(18) Employees who purchase a home for the first time will be given a congratulatory gift in accordance with the rules for the completion of a new home.

2.Training and training system and implementation: NT$151,254 thousands was spent on training in 2021. Participated in the government's advocacy meetings for a total of 4 sessions in 18 hours.

(1) New recruits must undergo pre-employment training (developmental training). In principle, pre-employment training includes safety and health education, company culture, instillation of the founding philosophy, and basic operational skills, etc., depending on job requirements.

(2) On-the-job training can be divided into two types: external training and internal training.

A. External training: The personnel unit takes the initiative to collect course information from external training institutions according to the manpower needs of each unit and sends them to the relevant departments for training.

B. Internal training:

a. The company invites outside experts to conduct training courses in a uniform manner.

b. Use audio-visual materials to improve the quality of staff.

c. The supervisor will take the time to educate the staff on the opportunities of the company.

d. Supervisors will provide individual counseling to individuals or work groups who are not performing well.

3.Retirement System and Implementation

In accordance with the Labor Standards Law, the Company has established a retirement plan for employees. Employees' pension payments are calculated based on years of service and the average monthly wages (base) for the six months prior to the approved retirement date. The Company contributes 4% of employees' monthly salaries to an employee retirement fund, which is deposited in the name of the Labor Pension Fund Supervisory Committee in a special account at the Bank of Taiwan.

In accordance with the Labor Standards Law, the Company contributes a monthly retirement reserve of 4% of salaries paid to the Bank of Taiwan in the name of the Retirement Fund Committee. As of the end of 2021, the balance of the pension reserve account

was NT$192,415 thousand.

Effective July 1, 2005, employees who choose to be covered by the pension plan under the Labor Pension Act are required to contribute 6% of their monthly salaries to the individual pension accounts of the Bureau of Labor Insurance.

4.Work environment and employee safety protection measures

(1) In order to enhance the safety of employees in emergency escape and evacuation, a total of 381 people were trained in fire safety drills in 2021. The training was based on common disasters in Taiwan such as earthquakes and fires, to strengthen emergency response measures in case of disasters, to train fire extinguisher operation procedures, to implement fire-fighting training, to implement self-defense firefighting formations, and to reduce the loss of life and property in the plant.

(2) There is a first-class unit industrial safety room, planning occupational safety and health management plan, promoting, supervising and improving various safety and health projects in the factory to ensure the safety and health of employees at work.

(3) In accordance with the provisions of the “Labor Health Protection Law”, we provide monthly clinical services by occupational medicine physicians and family medicine physicians, and we provide clinical services twice a month by physicians and arrange consultation for 12 employees each time. Services include: 1. education and training health guidance, 2. medical services, 3. case care, 4. health assessment and management for new employees, 5. blood pressure measurement, 6. medical consultation and health education services, 7. health education guidance for medical personnel, 8. advice related to company selection and job placement, 9. on-site visits to the workplace, 10. health promotion courses, etc.

(4) In fiscal year 2021, we held hearing protection education training and chemical training. 130 employees participated in 2 sessions, so that they could better understand the operating environment noise and the procedures and precautions to be taken when using chemicals.

(5) To raise employees' awareness of traffic safety during commuting to and from work and to promote traffic safety promotion, a total of 3 sessions were held with 135 employees attending, and related promotion materials were also distributed to supervisors of each unit for regular promotion to reduce the occurrence of traffic accidents during commuting to and from work.

(6) 2021 statutory dangerous machinery and equipment annual periodic inspection, including: 124 first type of pressure vessels, 6 boilers, all passed the inspection to ensure that the plant dangerous machinery and equipment are in line with the law and the safety of operation.

(7) In 2021, we continued to promote environmental improvement projects, and proposed a number of improvement projects focusing on the field of roll clips, falls, inductors, and chemicals, and applied for subsidies from the Occupational Safety and Health Administration to upgrade the safety and health facilities in the factory, so that employees can enjoy a safer workplace environment.

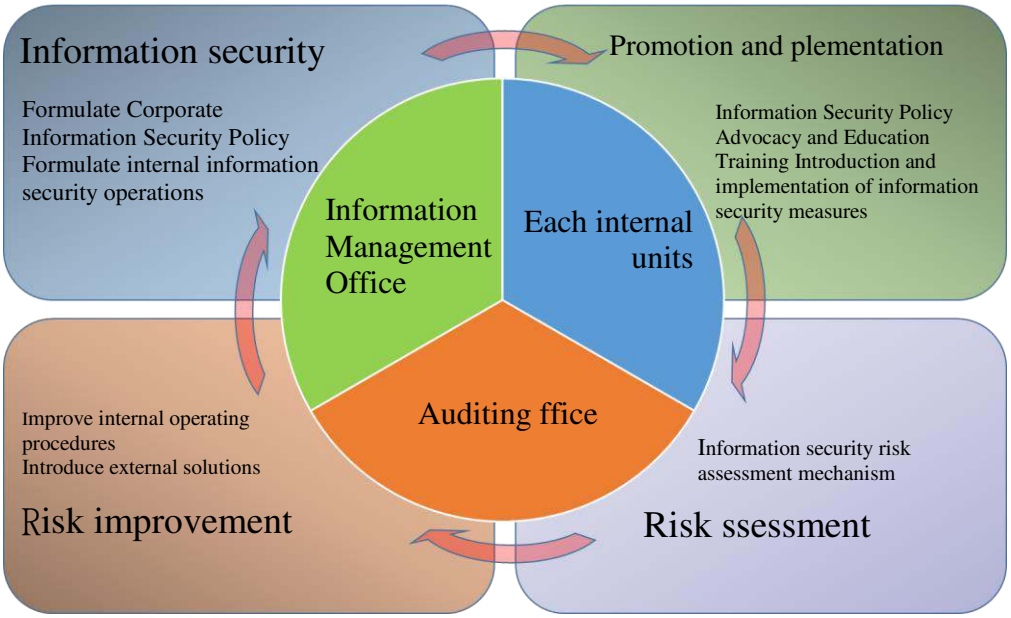
(2) Losses suffered from labor disputes in the most recent year and up to the date of printing of the annual report, and disclosure of the estimated amount of current and potential future losses and measures to address them: None.

6. Information security management:

(1) Information security risk management framework:

1.The Information Security Division is responsible for planning, implementing and promoting information security management and promoting information security awareness. The Company's Audit Office is the audit unit for information security monitoring. If the audit reveals any deficiencies, it will immediately request the inspected unit to propose relevant improvement plans and submit them to the Board of Directors, and regularly track the

effectiveness of the improvements in order to reduce internal information security risks. Organizational mode of operation - PDCA (Plan-Do-Check-Act) cycle management is adopted to ensure the achievement of reliability targets and continuous improvement.



2. Information Security Policy: In order to implement our information management system, we maintain the confidentiality, integrity, and availability of important information systems to ensure the safe maintenance of information systems and equipment networks, and to achieve the goal of sustainable management.

3. Information security management measures implemented by the Company:

Management item	Description	Relevant management operation
Information access control	Control access to company-related information systems and account management	● Establish system access policies and authorization requirements, and inform employees and users of their related rights and responsibilities in writing, electronically or by other means. ● All privileges of information resources shall be cancelled immediately and included in the necessary procedures for leaving the company.The personnel's duty adjustment and transfer should be adjusted in accordance with the system access authorization regulations and their authority for a period of time. ● Establish a system user registration management system and strengthen the management of user passwords. The maximum update period of user passwords should not exceed three months. ● For system service providers who perform system maintenance by remote login, security control should be strengthened, and a personnel

Management item	Description	Relevant management operation
		register should be established to comply with relevant security and confidentiality responsibilities. ● Establish an information security audit system and conduct information security audits on a regular or irregular basis.
Security measures and specifications of the host	Maintain the security and normal operation of the company's internal host and network equipment	● Firewall is set up to control the data transmission and resource access between external and internal networks at the network points connected to the external network, and strict identification operations are performed. ● Use a network intrusion detection system to monitor network traffic to identify unauthorized attempts to upload or alter, web information, or intentional sabotage. ● Install virus scanning software to regularly scan for viruses to provide users with a safer web browsing environment. ● Establish system redundancy facilities and perform necessary data and software backup and redundancy operations on a regular basis so that in the event of a disaster or storage media failure, normal operations can be restored immediately and quickly on new equipment. ● Disaster recovery, occasional simulation of hacker attacks, rehearsal of system recovery procedures in the event of a security incident, and provision of appropriate levels of security defense. ● Confidential and sensitive information or documents are not stored in information systems that are open to the public, and confidential documents are not sent by e-mail. ● Automatically receive all security maintenance email notifications from the relevant operating system vendor or application vendor and install the appropriate PATCH as recommended in the email. ● Check the operation status of each host and network equipment daily, such as: whether the system indicator of the host or storage device panel is abnormal, whether the hard disk indicator of the host or storage device is abnormal, whether the available space of each host and system abnormalities are checked, whether the system indicator of each network equipment is abnormal, and whether the network connection indicator is abnormal.

Management item	Description	Relevant management operation
Security management of firewall	Avoid external hacking and damage to the company's internal host and related information systems	● The firewall is the hub of the whole network. A set of backups should be reserved for the firewall host and software to be used in case of emergency. ● The firewall system records the activity events of the whole network on a real-time basis. The data in the log file should include at least the date, time, starting and ending IP, and protocol of the event, etc., to facilitate real-time management and future auditing operations. ● The firewall record file (report) should be reviewed and analyzed by the firewall manager for abnormal conditions; the record file should be kept for more than one year. ● The firewall host can only be logged in internally through a dedicated management interface, and cannot be logged in by any other means or by terminal devices outside the company to ensure the security of the firewall host. ● The security control settings of the firewall should be reviewed on a regular basis and adjusted as necessary to determine the appropriate security control objectives. ● The firewall system is regularly backed up, and only stand-alone backups can be made, and no other methods such as network backups are allowed. ● The firewall system software is frequently updated, and the related intrusion detection and virus signature codes are regularly updated daily to respond to various network attacks.
Data backup operation principles	Regular backup of important company systems and data	● Keep at least three copies of important data in different storage facilities (including off-site) and keep them for one month. ● The backup data has appropriate physical and environmental protection, and its security standard should be the same as that of the primary workplace as far as possible; the security control measures for computer media in the primary workplace should be applied to the backup workplace as far as possible. ● Regularly test the backup data to ensure the availability of backup data.
Principles of data recovery operations	Quickly recover to other hosts or storage devices in case of unexpected conditions that	● For data recovery, except for unexpected major events, host room or network operation can not be restored, data can be restored to normal within 24 hours. We ensure that the backup data can be maintained within two days of the latest complete data. After the data is restored,

Management item	Description	Relevant management operation
	prevent them from operating	the program and the database are up and running immediately. ● After the data recovery operation is completed, the relevant unit personnel should continue to observe the system for three days to ensure that the system is operating normally and that the new data is correct.
User computer management and promotion	Reduce the risk of virus infection or data leakage from internal company computers	● For each user computer, record in detail the name and IP of the user and the computer, and disable all external USB storage devices. If there is a temporary need to copy the file, the information personnel will handle it for you after the supervisor approves it. ● Anti-virus software is installed on each user computer and Internet access is controlled. If there is a need, the application form will be filled out and approved by the supervisor and then opened for use according to the demand. ● From time to time, we will explain the cautions for information security, such as how to judge suspicious emails, not to open additional files of unfamiliar emails, and not to reply directly to the original emails if there are doubts about the contents of the emails from customers or vendors, but to double-check through other contact methods, etc.

(2) Disclose the losses suffered in the most recent year and up to the publication date of the annual report due to major information and communication security incidents and the estimated amount of current and potential future losses and countermeasures: None.

7. Important Contracts:

(1) DELI INDUSTRIAL CO., LTD.:

Contract Type	Parties involved	Contract Start and Ending Dates	Content	Restrictions
Joint Credit Agreement	Wang Tao Commercial Bank, Cooperative Bank, Mega Bank, Hua Nan Bank, First Commercial Bank, National Agricultural Bank, Bank of Taiwan, Kaohsiung Bank, Land Bank of Taiwan, Wing Fung Bank, and An Tai Bank	Oct. 22, 2021 ~ Oct. 22, 2026	A joint credit agreement with a total amount of NT$2.2 billion.	None

(2) Victory Cayman Holdings Co., Ltd.:

Contract Type	Parties involved	Contract Start and Ending Dates	Content	Restrictions
Joint Credit Agreement	Wang Tao Commercial Bank, Mega Bank and Wing Fung Bank	Nov. 10, 2021 ～ Nov. 10, 2026	A joint credit agreement with a total amount of USD 28 million.	None

(3) Vietnam Deli Industrial Co., Ltd.:

Contract Type	Parties involved	Contract Start and Ending Dates	Content	Restrictions
Land Lease Agreement	Vietnam Industrial Investment & Development Corporation	Jul. 1, 2015 ～ Jun. 30, 2057	228,635 square meters of land leased in Bao Pang Industrial Zone with total land rental value: VND193,653,845,000. (USD 8,802,447.50)	None

VI. Financial Information

1.Condensed balance sheet, comprehensive income statement, name of the acciybtabts and their audit opinion for the last five years

(1) Adoption of International Financial Reporting Standards (IFRS) financial information

1-1 Consolidated Condensed Balance Sheets

Unit: NT$1,000

Item \ Year		Financial analysis for the past five years (Note 1)					As of Mar. 31, 2022 Financial information (Note 3) (Reviewed by accountant)
		2017	2018	2019	2020	2021	
Current assets		7,420,617	8,809,060	10,734,417	10,171,682	11,745,903	12,077,622
Property, Plant and Equipment(Note 2)		5,413,294	6,035,382	6,279,836	5,922,156	5,561,614	5,600,680
Investment real estate		132,816	117,864	64,716	65,071	60,820	68,933
Intangible assets		32,890	31,063	29,738	28,419	26,636	26,620
Other assets(Note 2)		1,002,339	1,630,612	1,674,941	1,661,102	1,736,936	1,717,396
Total assets		14,001,956	16,623,981	18,783,648	17,847,430	19,131,909	19,491,251
Current liabilities	Before distribution	6,226,799	10,038,471	8,936,691	9,108,544	8,960,845	8,583,411
	After distribution	6,962,844	10,540,319	9,513,539	9,223,914	8,960,845	8,583,411
Non-current liabilities		2,144,999	1,364,301	3,578,776	3,284,103	4,772,141	5,212,097
Total liabilities	Before distribution	8,371,798	11,402,772	12,515,467	12,392,647	13,732,986	13,795,508
	After distribution	9,107,843	11,904,620	13,092,315	12,508,017	13,732,986	13,795,508
Equity attributable to shareholders of the parent company		4,949,872	4,423,041	5,473,114	4,704,317	4,654,437	4,926,768
Capital stock		3,345,657	3,345,657	3,845,657	3,845,657	3,845,657	3,845,657
Capital surplus	Before distribution	1,052,939	652,962	942,169	791,558	676,850	676,854
	After distribution	651,460	335,125	769,114	676,188	676,850	676,854
Retained earnings	Before distribution	844,591	730,145	1,099,925	523,605	696,207	812,992
	After distribution	510,025	546,134	696,131	523,605	696,207	812,992
Other interests		(280,634)	(293,042)	(401,956)	(456,503)	(564,277)	(408,735)
Treasury stock		(12,681)	(12,681)	(12,681)	-	-	-
Non-controlling interests		680,286	798,168	795,067	750,466	744,486	768,975
Equities Total	Before distribution	5,630,158	5,221,209	6,268,181	5,454,783	5,398,923	5,695,743
	After distribution	4,894,113	4,719,361	5,691,333	5,339,413	5,398,923	5,695,743

*If the Company prepares individual financial statements, it should also prepare individual condensed balance sheets and consolidated statements of income for the last five years.

Note 1: Any year that has not been audited and certified by the accountant should be noted.

Note 2: For those who have revalued their assets in the current year, the date of revaluation and the amount of revaluation increment should be indicated.

Note 3: As of the date of the annual report, the financial information of companies whose shares are listed or traded on the stock exchange should also be disclosed if they have been audited or reviewed by an accountant most recently.

Note 4: The above mentioned figures after distribution are based on the resolution of the following year's shareholders' meeting. For the aforementioned number after distribution, please fill in in accordance with the resolution of the Board of Directors meeting or shareholders' meeting in the next year

Note 5: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented in the corrected or restated figures, with the circumstances and reasons stated.

1-2 Consolidated Condensed Comprehensive Income Sheets

Unit: NT$1,000,
Earnings (net loss) per share (NT$)

Item \ Year	Financial analysis for the past five years (Note 1)					As of Mar. 31, 2022 Financial information (Note 2) (Reviewed by accountant)
	2017	2018	2019	2020	2021	
Operating revenue	7,933,432	9,132,401	10,919,724	8,594,659	10,475,685	3,015,365
Gross profit	1,493,333	1,464,339	2,054,417	1,243,707	1,603,785	385,626
Operating profit	436,289	310,099	801,761	3,155	371,065	(3,860)
Non-operating income and expenses	14,140	7,156	(134,874)	(294,957)	(177,052)	154,122
Net income (loss) before income tax	450,429	317,255	666,887	(291,802)	194,013	150,262
Net income (loss) of continuing business units	414,561	253,759	614,463	(206,633)	195,922	125,281
Net income (loss)	414,561	253,759	614,463	(206,633)	195,922	125,281
Other comprehensive income (Income after tax)	(190,352)	6,583	(113,896)	(17,771)	(140,934)	171,800
Total comprehensive income	224,209	260,342	500,567	(224,404)	54,988	297,081
Net income attributable to shareholders of the parent company	370,329	202,152	558,021	(207,286)	182,988	117,050
Net income (loss) attributable to noncontrolling interests	59,070	51,607	56,442	653	12,934	8,231
Total comprehensive income attributable to stockholders of the parent	208,626	207,712	444,877	(241,385)	64,828	272,592
Total comprehensive income attributable to non-controlling interests	42,538	52,630	55,690	16,981	(9,840)	24,489
Earnings (net loss) per share	1.21	0.61	1.61	(0.54)	0.48	0.30

*If the Company prepares individual financial statements, it should also prepare individual condensed balance sheets and consolidated statements of income for the last five years.

Note 1: Any year that has not been audited and certified by the accountant should be noted.

Note 2: As of the date of the annual report, the financial information of companies whose shares are listed or traded on the stock exchange should also be disclosed if they have been audited or reviewed by an accountant most recently.

Note 3: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented In the corrected or restated figures, with the circumstances and reasons stated.

2-1 Individual Condensed Balance Sheets

Unit: NT$1,000

Year / Item		Financial analysis for the past five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		2,874,408	4,012,068	4,924,060	5,564,991	5,882,755
Equity-method investments		5,739,150	6,006,334	6,917,644	6,847,702	7,159,166
Property, Plant and Equipment(Note 2)		944,591	878,931	909,783	904,882	830,479
Intangible assets		275	129	93	-	-
Other assets(Note 2)		147,203	178,975	295,440	372,165	349,958
Total assets		9,705,627	11,076,437	13,047,020	13,689,740	14,222,358
Current liabilities	Before distribution	3,228,671	5,355,872	4,937,223	6,129,952	5,678,541
	After distribution	3,964,716	5,857,720	5,514,071	6,245,322	5,678,541
Non-current liabilities		219,058	1,297,524	2,636,683	2,855,471	3,889,380
Total liabilities	Before distribution	4,755,755	6,653,396	7,573,906	8,985,423	9,567,921
	After distribution	5,491,800	7,155,244	8,150,754	9,100,793	9,567,921
Capital stock		3,345,657	3,345,657	3,845,657	3,845,657	3,845,657
Capital surplus	Before distribution	1,052,939	652,962	942,169	791,558	676,850
	After distribution	651,460	335,125	769,114	676,188	676,850
Retained earnings	Before distribution	844,591	730,145	1,099,925	523,605	696,207
	After distribution	510,025	546,134	926,870	523,605	696,207
Other interests		(280,634)	(293,042)	(401,956)	(456,503)	(564,277)
Treasury stock		(12,681)	(12,681)	(12,681)	-	-
Equities Total	Before distribution	4,949,872	4,423,041	5,473,114	4,704,317	4,654,437
	After distribution	4,213,827	3,921,193	4,896,266	4,588,947	4,654,437

*If the Company prepares individual financial statements, it should also prepare individual condensed balance sheets and consolidated statements of income for the last five years.

Note 1: Any year that has not been audited and certified by the accountant should be noted.

Note 2: As of the date of the annual report, the financial information of companies whose shares are listed or traded on the stock exchange should also be disclosed if they have been audited or reviewed by an accountant most recently

Note 3: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented in the corrected or restated figures, with the circumstances and reasons stated.

2-2 Individual Condensed Comprehensive Income Sheets

Unit: NT$1,000,
Earnings (net loss) per share (NT$)

Item \ Year	Financial analysis for the past five years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	3,249,551	3,591,821	4,269,376	3,005,640	3,869,612
Gross profit	617,361	560,916	588,147	198,354	371,279
Operating profit	153,610	122,119	138,247	(236,705)	(51,711)
Non-operating income and expenses	234,907	92,835	454,641	(61,479)	218,516
Net income (loss) before income tax	388,517	214,954	592,888	(298,184)	166,805
Net income (loss) of continuing business units	370,329	202,152	558,021	(207,286)	182,988
Loss of suspended business unit	--	--	--	--	--
Net income (loss)	370,329	202,152	558,021	(207,286)	182,988
Other comprehensive income (Income after tax)	(179,342)	5,560	(113,144)	(34,099)	(118,160)
Total comprehensive income	190,987	207,712	444,877	(241,385)	64,828
Earnings (net loss) per share	1.21	0.61	1.61	(0.54)	0.48

*If the Company prepares individual financial statements, it should also prepare individual condensed balance sheets and consolidated statements of income for the last five years.

Note 1: Any year that has not been audited and certified by the accountant should be noted.

Note 2: As of the date of the annual report, the financial information of companies whose shares are listed or traded on the stock exchange should also be disclosed if they have been audited or reviewed by an accountant most recently.

Note 3: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented in the corrected or restated figures, with the circumstances and reasons stated.

(3) Name of the accountants and their audit opinion for the last five years

Year	Name of the CPAs	Audit opinion
2017	YANG, CHAO-CHIN, Wang Yanjing	Unqualified opinion Add other matters
2018	YANG, CHAO-CHIN, LI, CHI-CHEN	Unqualified opinion Add other matters
2019	YANG, CHAO-CHIN, LI, CHI-CHEN	Unqualified opinion Add other matters
2020	YANG, CHAO-CHIN, LI, CHI-CHEN	Unqualified opinion Add other matters
2021	YANG, CHAO-CHIN, WANG, TENG-WEI	Unqualified opinion Add other matters

2. Financial analysis for the past five years

(1) Adoption of International financial information

1-1 Consolidated Financial Analysis

Year (Note 1) / Items (Note 3)		Financial analysis for the recent five years					As of Mar. 31, 2022 (Note 2) (Reviewedd by accountant)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt to asset ratio	59.79	68.59	66.63	69.44	71.78	70.78
	Long term capital to property, plant and equipment ratio	140.44	106.82	153.51	145.82	180.66	180.78
Solvency (%)	Current ratio	119.17	87.75	120.12	111.66	131.08	140.71
	Quick ratio	72.01	52.19	72.24	68.52	75.25	83.74
	Interest coverage ratio	7.37	3.26	4.24	(0.64)	2.27	4.85
Operating capacity	Receivables turnover (times)	4.77	4.82	5.24	4.29	5.41	6.09
	Average cash recovery day	76.52	75.71	69.65	85	68	60
	Inventory turnover (times)	2.94	2.93	2.84	2.24	2.41	2.53
	Accounts receivables turnover (times)	8.07	9.22	10.95	8.90	8.96	9.49
	Days sales outstanding	124.15	124.67	128.52	163	151	144
	Property, plant and equipment turnover (times)	1.77	1.60	1.77	1.41	1.82	2.16
	Total asset turnover (times)	0.63	0.60	0.62	0.47	0.57	0.62
Profitability	Return on assets (%)	3.77	2.41	4.43	(0.33)	1.72	3.26
	Return on equity (%)	7.84	4.68	10.70	(3.53)	3.56	9.03
	Pre-tax net profit to paid-in capital ratio (%)(Note 7)	13.46	9.27	17.34	(7.59)	5.04	3.91
	Net profit ratio (%)	5.23	2.78	5.63	(2.40)	1.84	4.15
	Earnings per share (NT$)	1.21	0.61	1.61	(0.54)	0.48	0.30
Cash flow	Cash flow ratio (%)	(2.51)	(2.92)	6.76	6.62	1.26	10.98
	Cash flow adequacy ratio	11.69	6.26	6.97	11.07	8.19	5.82
	Cash reinvestment ratio (%)	(7.13)	(10.22)	0.44	(0.16)	(0.08)	1.35
Leverage	Operating leverage	5.18	7.02	3.61	179.64	2.62	(165.73)
	Financial leverage	1.19	1.83	1.35	(0.02)	1.70	0.09

Please explain the reasons for the changes in each financial ratio for the last two years. (Analysis is waived if the change is less than 20%)

1.The increase in the ratio of long-term capital to property, plant and equipment was mainly due to the completion of the exchange of the syndicated loan from O-Bank in September of this year, with the first installment of the principal repayment 30 months after the date of initial appropriation.

2. The increase in interest guarantee multiple was mainly due to the increase in net profit for the year.

3. The increase in return on assets was mainly due to the increase in net profit for the year.

4. The increase in return on equity was mainly due to the increase in net profit for the year.

5. The increase in the ratio of operating income to paid-in capital was mainly due to the decrease in net operating loss for the year.

6. The increase in the ratio of net income before income tax to paid-in capital was mainly due to the increase in net income for the year.

7. The increase in net income after tax as a percentage of paid-in capital was mainly due to the increase in net income for the year.

8. The decrease in cash flow ratio was mainly due to the increase in capacity activation as orders recovered due to the epidemic easing. This is also due to higher stocking demand in response to customer requests.

9. The decrease in cash flow equivalency ratio was mainly due to the increase in capacity activation as orders recovered due to the epidemic easing. This is also due to higher stocking demand in response to customer requests.

10. The decrease in operating leverage was mainly due to the decrease in loss for the year.

＊ If the Company prepares individual financial statements, it should also prepare analysis of individual company financial ratios.

Note 1: Any year that has not been audited and certified by the accountant should be noted.

Note 2: As of the date of the annual report, the financial information of companies whose shares are listed or traded on the stock exchange should also be disclosed if they have been audited or reviewed by an accountant most recently.

1-2 Individual Financial Analysis

Items (Note 3) \ Year (Note 1)		Financial analysis for the recent five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to asset ratio	49.00	60.07	58.05	65.64	67.27
	Long term capital to property, plant and equipment ratio	674.59	642.67	883.40	829.92	1,023.55
Solvency (%)	Current ratio	89.03	74.91	99.73	90.78	103.60
	Quick ratio	58.98	53.67	72.89	68.01	75.31
	Interest coverage ratio	10.70	5.03	7.35	(1.92)	2.72
Operating capacity	Receivables turnover (times)	6.46	6.65	6.65	4.86	6.33
	Average cash recovery day	56.48	54.89	54.92	75.12	57.69
	Inventory turnover (times)	2.95	2.97	3.07	2.11	2.38
	Accounts receivables turnover (times)	8.46	8.31	10.45	9.50	9.69
	Days sales outstanding	123.72	122.90	118.95	173.32	153.41
	Property, plant and equipment turnover (times)	3.42	3.94	4.77	3.31	4.46
	Total asset turnover (times)	0.38	0.35	0.35	0.22	0.28
Profitability	Return on assets (%)	4.76	2.49	5.25	(0.94)	1.87
	Return on equity (%)	8.03	4.31	11.28	(4.07)	3.91
	Pre-tax net profit to paid-in capital ratio (%)(Note 7)	11.61	6.42	15.42	(7.75)	4.34
	Net profit ratio (%)	11.40	5.63	13.07	(6.90)	4.73
	Earnings per share (NT$)	1.21	0.61	1.61	(0.54)	0.48
Cash flow	Cash flow ratio (%)	2.67	1.13	(3.91)	(0.99)	(5.00)
	Cash flow adequacy ratio	24.88	17.92	7.41	(0.15)	(10.15)
	Cash reinvestment ratio (%)	(6.42)	(9.08)	(7.10)	(6.92)	(3.91)
Leverage	Operating leverage	5.17	6.26	5.88	(1.90)	(10.69)
	Financial leverage	1.41	2.39	3.08	0.70	0.35

Please explain the reasons for the changes in each financial ratio for the last two years. (Analysis is waived if the change is less than 20%)

1. The increase in the ratio of long-term capital to property, plant and equipment was mainly due to the completion of the exchange of the syndicated loan from O-Bank in September of this year, with the first installment of the principal repayment 30 months after the date of initial appropriation.
2. The increase in interest guarantee multiple was mainly due to the increase in net profit for the year.
3. The increase in turnover rate of accounts receivable was mainly due to the significant increase in revenue.
4. The increase in turnover of real property, plant and equipment was mainly due to the significant increase in revenue.
5. The increase in the asset-return rate was mainly due to the increase in net profit for the year.
6. The increase in return on equity was mainly due to the increase in net profit for the year.
7. The increase in the ratio of operating income to paid-in capital was mainly due to the decrease in net operating loss for the year.
8. The increase in the ratio of net income before income tax to paid-in capital was mainly due to the increase in net income for the year.
9. The increase in net income after tax as a percentage of paid-in capital was mainly due to the increase in net income for the year.
10. The increase in earnings per share was mainly due to a significant increase in revenue compared to last year as sales gradually returned to normal levels due to the easing of the epidemic.
11. The decrease in cash flow ratio was mainly due to an increase in capacity activation as orders recovered due to the epidemic easing. In addition, there was a higher cash outflow for the purchase of inventory due to higher stocking requirements in response to customer requests. The increase in accounts receivable was due to the slow collection of accounts, which resulted in the increase in accounts receivable at the end of the period.
12. The decrease in cash flow appropriateness rate was attributable to the negative cash flow from operating activities in the past three years.
13. The increase in the cash reinvestment ratio was mainly attributable to the post-tax net profit for the year as a result of the epidemic situation easing, which was attributable to the increase in working capital.
14. The decrease in operating leverage was mainly due to the decrease in loss for the year.
15. The decrease in financial leverage was mainly due to the decrease in loss for the year.

* If the Company prepares individual financial statements, it should also prepare analysis of individual company financial

ratios.

Note 1: Any year that has not been audited and certified by the accountant should be noted.

Note 2: As of the date of the annual report, the financial information of companies whose shares are listed or traded on the stock exchange should also be disclosed if they have been audited or reviewed by an accountant most recently.

Note 3: At the end of this table, the following calculation formula should be shown in the annual report.

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long term funds to property, plant, and equipment (total equity + non-current liabilities) / net worth of property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets – inventory – contract property – prepaid items) / current liabilities.
   (3) Times interest earned ratio=net income before tax and interest expense/interest expense.
3. Operating capacity
   (1) Account receivable turnover (including accounts receivable and notes receivable resulted from business operation) = net sales / average balance of account receivable (including accounts receivable and notes receivable resulted from business operation).
   (2) Days sales in account receivable = 365 / account receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Account payable turnover (including accounts payable and notes payable resulted from business operation) = operating costs / average balance of account payable (including accounts payable and notes payable resulted from business operation).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net worth of property, plant and equipment.
   (7) Total assets turnover = net sales / average total assets.
4. Profitability
   (1) Ratio or return on total assets = [net income + interest expense × (1 tax rate)] / average total assets.
   (2) Return on equity = net income / average net equity.
   (3) Profit ratio = net income / net sales.
   (4) Earnings per share = (net income preferred stock dividend) / weighted average stock shares issued (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activity / current liabilities
   (2) Cash flow adequacy ratio = (net cash flow from operating activities within five year / (capital expenditure + inventory increase + cash dividend) within five year
   (3) Cash reinvestment ratio = (net cash flow from operating activity cash dividend) / (total fixed assets + long term investment + other non-current assets + working capital). (Note 5)
6. Leverage
   (1) Operation balance = (net operating income operating variable cost and expense) / operating income.
   (2) Financial balance = operating income / (operating income interest expense).

Note 4: The above formula for calculating earnings per share should be measured with special attention to the following items.

1. Based on the weighted-average number of common shares, rather than the number of shares outstanding at the end of the year.
2. The weighted-average number of shares should be calculated by considering the period of liquidity of the shares.
3. For any capital increase from earnings or capital surplus, the percentage of capital increase should be adjusted retroactively in the calculation of earnings per share for prior years and semiannual periods, without regard to the issuance period of such capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the year, whether paid or unpaid, should be deducted from net income after tax or increased by net loss after tax. If the preferred stock is non-cumulative, the preferred stock dividends should be deducted from net income if there is after-tax profit; if there is a loss, no adjustment is required.

Note 5: The above formula for calculating earnings per share should be measured with special attention to the following items.

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures represent the annual cash outflows from capital investments.
3. Increases in inventories are included only if the ending balance is greater than the opening balance, and are calculated as zero if inventories decrease at year-end.
4. Cash dividends include cash dividends on common stock and preferred stock.
5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.

Note 6: The issuer should distinguish between fixed and variable operating costs and operating expenses according to their nature, and where estimates or subjective judgments are involved, note the reasonableness and maintain consistency.

Note 7: If the Company's stock has no par value or the par value per share is not NT$10, the calculation of the ratio of paid-in capital in the preceding paragraph is based on the ratio of equity attributable to the owners of the parent company in the balance sheet.

Note 8: The Company has applied IFRSs recognized by the Financial Supervisory Commission since January 1, 2013.

3. Audit Committee's Report for the Most Recent Year

DE LICACY INDUSTRIAL CO., LTD.

Audit Committee Approval Report

The audit committee agreed and passed the resolutions of the board of directors of the company's 2020 business report, financial statements, and surplus distribution motion, including financial statements (balance sheet, consolidated income statement, statement of changes in equity, cash flow statement) and consolidated financial statements. The report was issued by the board of directors of Deloitte Touche Tohmatsu Limited's accountants Yang Chaoqin and Teng-Wei Wang to audit the completion of the visa, and issued an unqualified opinion plus other paragraphs of the audit report.

The Audit Committee is responsible for supervising the company's financial reporting process.

The certified accountant visas the company's 2021 financial statements and communicates with the audit committee on the following matters:

1. There are no major findings in the inspection scope and time planned by the certified public accountant.
2. The certified public accountant provided the audit committee with the personnel of the accounting firm's affiliated firm subject to independence regulations, and has complied with the statement of independence in the professional ethics of accountants, and has not found other relationships that may be considered to affect the independence of accountants and other matters.
3. The certified public accountant communicates with the audit committee on key audit matters, and the key audit matters that must be communicated in the audit report have been included in the audit report.

The company's 2021 financial statements, business reports, and surplus distribution motion approved by the audit committee and approved by the board of directors are in compliance with relevant laws and regulations. A report is prepared in accordance with Article 219 of the Company Act.

Please verify
Sincerely

DE LICACY INDUSTRIAL CO., LTD. 2022 shareholders meeting

Independent director: Huang Junren

April 29, 2022

DE LICACY INDUSTRIAL CO., LTD.

Audit Committee Approval Report

The audit committee agreed and passed the resolutions of the board of directors of the company's 2020 business report, financial statements, and surplus distribution motion, including financial statements (balance sheet, consolidated income statement, statement of changes in equity, cash flow statement) and consolidated financial statements. The report was issued by the board of directors of Deloitte Touche Tohmatsu Limited's accountants Yang Chaoqin and Teng-Wei Wang to audit the completion of the visa, and issued an unqualified opinion plus other paragraphs of the audit report.

The Audit Committee is responsible for supervising the company's financial reporting process.

The certified accountant visas the company's 2021 financial statements and communicates with the audit committee on the following matters:

1. There are no major findings in the inspection scope and time planned by the certified public accountant.
2. The certified public accountant provided the audit committee with the personnel of the accounting firm's affiliated firm subject to independence regulations, and has complied with the statement of independence in the professional ethics of accountants, and has not found other relationships that may be considered to affect the independence of accountants and other matters.
3. The certified public accountant communicates with the audit committee on key audit matters, and the key audit matters that must be communicated in the audit report have been included in the audit report.

The company's 2021 financial statements, business reports, and surplus distribution motion approved by the audit committee and approved by the board of directors are in compliance with relevant laws and regulations. A report is prepared in accordance with Article 219 of the Company Act.

Please verify
Sincerely

DE LICACY INDUSTRIAL CO., LTD. 2022 shareholders meeting

Independent director: Su Baicheng

April 29, 2022

DE LICACY INDUSTRIAL CO., LTD.

Audit Committee Approval Report

The audit committee agreed and passed the resolutions of the board of directors of the company's 2020 business report, financial statements, and surplus distribution motion, including financial statements (balance sheet, consolidated income statement, statement of changes in equity, cash flow statement) and consolidated financial statements. The report was issued by the board of directors of Deloitte Touche Tohmatsu Limited's accountants Yang Chaoqin and Teng-Wei Wang to audit the completion of the visa, and issued an unqualified opinion plus other paragraphs of the audit report.

The Audit Committee is responsible for supervising the company's financial reporting process.

The certified accountant visas the company's 2021 financial statements and communicates with the audit committee on the following matters:

1. There are no major findings in the inspection scope and time planned by the certified public accountant.
2. The certified public accountant provided the audit committee with the personnel of the accounting firm's affiliated firm subject to independence regulations, and has complied with the statement of independence in the professional ethics of accountants, and has not found other relationships that may be considered to affect the independence of accountants and other matters.
3. The certified public accountant communicates with the audit committee on key audit matters, and the key audit matters that must be communicated in the audit report have been included in the audit report.

The company's 2021 financial statements, business reports, and surplus distribution motion approved by the audit committee and approved by the board of directors are in compliance with relevant laws and regulations. A report is prepared in accordance with Article 219 of the Company Act.

Please verify
Sincerely

DE LICACY INDUSTRIAL CO., LTD. 2022 shareholders meeting

Independent director: Cai Qijun

April 29, 2022

4. The most recent annual audited individual financial statements

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, 2020 Amount	%
	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		2020	
		Amount	%	Amount	%
	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 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)

（Continued）

（continued from the previous page）

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				Retained Earnings			Other Equities				
		Common stock	Capital surplus	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	Treasury stocks	Grand 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)

(Continued)

（continued from the previous page）

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 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 YehAccounting Manager: Yi-Nung Yu

De Licacy Industrial Co., Ltd.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
For the Years Ended December 31 of 2021 and 2020
(In thousands of New Taiwan Dollars, unless stated otherwise)

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 thousands of NTD)
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 thousands of NTD)
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

	Buildings	Transportation equipment	Total
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
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

0.79% 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

	Line of credit	Used amount 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 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
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			

(Continued)

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	Defined benefit obligation current value	Plan assets at fair value	Net defined benefit assets
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 foreign operating institutions	$ 14,447	$ 17,768
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 value through profit or loss / held for trading	120	18,919
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
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

(Continued)

(Continued from the previous page)

Name of related party	Relationship with the Company
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 New Premium Enterprise 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 New Premium Enterprise 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 Lucky Unique Enterprise (Note 1)	31,977	7,923
		$ 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 Textile Co., Ltd.	28,142	29,156
	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 Unique Enterprise (Note 1)	-	165
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／CHADTEX INDUSTRIAL CO., LTD.	$ 188,699	$ 89,579
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 New Premium Enterprise 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		Changes during the year									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.

5. The most recent annual audited consolidated financial statements

Statement of Financial Report on Consolidated of Related Enterprises

For the year ended December 31, 2021, pursuant to the "Compilation Standards for the Consolidated Financial Statements of the Affiliated Enterprises and the Relationship Report of the Consolidated Business Report of Affiliated Enterprises", the Company is that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements under International Financial Reporting Standards 10, and if relevant information that should be disclosed in the consolidated financial report of the affiliated company has been disclosed in the former consolidated financial report of the parent-subsidiary company. Separately prepare the consolidated financial report of the related companies.

We hereby declare all details.

Company Name: De Licacy Industrial Co., Ltd.

Chairman: Yeh, Chia-Ming

Date: 24 March 2022

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 and its subsidiaries (the "De Licacy Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated changes in equity and consolidated cash flows for the years then ended, and the notes to the 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 consolidated 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 consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 consolidated 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 Consolidated Financial Report Note 4(17) for the explanation of revenue recoginition 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 degin 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 authencity of the sales revenue.

Other Matters

The consolidated financial statements included in the consolidated financial statements of Deloitte Touche Tohmatsu, Inc. and its investment in ERA NOUVEAU International Co., Ltd. ("ERA NOUVEAU"). Accordingly, our opinion on the consolidated financial statements referred to above, which relates to the amount of the aforementioned investment and its share of other comprehensive income accounted for using equity method, were 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 consolidated assets. The consolidated 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 22% of the consolidated total profit or loss.

De Licacy Industrial Co., Ltd. has prepared its individual financial statements for the years ended December 31, 2020 and 2019, and we have issued an unqualified audit report, with additional qualifications for reference.

Management's and Governance's Responsibility for the Consolidated Financial Statements

Management's responsibility is to prepare consolidated 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 consolidated financial statements as is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the 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 constituent entities of the Group to express our opinions on the consolidated financial statements. We are responsible for the guidance, supervision and execution of the Group's audits and we are responsible for providing auditing opinions with the Group.

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. and Subsidiaries

Consolidated Balance Sheets

The Years Ended December 31, 2021 and 2020

(In thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents（Note 4 and 6）	$ 1,045,569	5	$ 1,223,480	7
1110	Financial assets at fair value through profit and loss-current（Note 4 and 7）	142,732	1	64,704	-
1120	Financial assets at fair value through other comprehensive gains and losses-current（Note 4 and 8）	109,867	-	38,979	-
1136	Financial assets at amortized cost-current（Note 4, 9 and 38）	3,419,464	18	2,816,902	16
1150	Notes receivable（Note 4, 10 and 28）	156,292	1	79,586	-
1160	Notes receivable-related parties（Note 4, 28 and 37）	54,268	-	24,845	-
1170	Net accounts receivable（Note 4, 10 and 28）	1,680,044	9	1,614,862	9
1180	Accounts receivable-net amount of related parties（Note 4, 28 and 37）	117,973	1	147,303	1
1200	Other receivables（Note 10）	98,578	-	116,078	1
1210	Other receivables-related parties（Note 37）	47,803	-	114,870	1
130X	Inventory（Note 4 and 11）	4,151,693	22	3,210,797	18
1410	Prepayments（Note 19）	190,389	1	156,743	1
1479	Other current assets（Note 20 and 30）	531,231	3	561,533	3
11XX	Total current assets	11,745,903	61	10,170,682	57
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive gains and losses-non-current（Note 4 and 8）	106,209	1	120,056	1
1535	Financial assets measured at amortized cost-non-current（Note 4 and 9）	-	-	27,725	-
1550	Investments using the equity method（Note 4 and 13）	816,317	4	793,054	5
1600	Property, plant and equipment（Note 4, 14, 37 and 38）	5,561,614	29	5,922,156	33
1755	Right-of-use assets（Note 4, 15 and 38）	352,024	2	370,567	2
1760	Investment properties（Note 4, 16 and 38）	60,820	-	65,071	-
1805	Goodwill（Note 4 and 17）	12,996	-	12,996	-
1821	Other intangible assets（Note 4 and 18）	13,640	-	15,423	-
1840	Deferred tax assets（Note 4 and 30）	322,206	2	283,407	2
1920	Refundable deposits（Note 4）	23,418	-	17,082	-
1975	Net confirmed welfare assets-non-current（Note 4 and 26）	2,077	-	5,476	-
1990	Other non-current assets（Note 20）	114,685	1	43,735	-
15XX	Total non-current assets	7,386,006	39	7,676,748	43
1XXX	Total assets	$ 19,131,909	100	$ 17,847,430	100

Code	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans（Note 21 and 38）	$ 6,004,949	31	$ 6,400,957	36
2110	Short-term notes payable（Note 21）	739,511	4	709,501	4
2120	Financial liabilities measured at fair value through profit and loss-current（Note 4 and 7）	120	-	20,927	-
2150	Notes payable（Note 22）	144,652	1	72,165	-
2160	Notes payable-related parties（Note 37）	63,956	-	32,206	-
2170	Accounts payable（Note 22）	787,521	4	650,938	4
2180	Accounts payable-related parties（Note 37）	129,756	1	98,596	-
2219	Other payables（Note 23）	585,182	3	498,196	3
2220	Other payables-related parties（Note 37）	153,238	1	183,505	1
2230	Current income tax liabilities（Note 4 and 30）	2,557	-	5,814	-
2280	Lease liabilities-current（Note 4 and 15）	8,523	-	27,739	-
2322	Long-term loans due within one year（Note 21 and 38）	199,251	1	282,952	2
2365	Refund liabilities-current（Note 4 and 25）	5,213	-	3,705	-
2399	Other current liabilities（Note 28）	136,416	1	121,343	1
21XX	Total current liabilities	8,960,845	47	9,108,544	51
	Non-current liabilities				
2541	Long-term bank loans（Note 21 and 38）	4,651,851	24	3,181,005	18
2580	Lease liabilities-non-current（Note 4 and 15）	4,624	-	14,435	-
2570	Deferred tax liabilities（Note 4 and 30）	41,391	-	36,823	-
2630	Non-current deferred income（Note 4 and 24）	72,032	1	49,376	-
2645	Deposit received	2,243	-	2,464	-
25XX	Total non-current liabilities	4,772,141	25	3,284,103	18
2XXX	Total liabilities	13,732,986	72	12,392,647	69
	Equity attributed to the owners of the company（Note 27）				
3100	Stocks				
3110	Common stocks	3,845,657	20	3,845,657	22
3200	Capital reserve	676,850	3	791,558	4
	Retained surplus				
3310	Legal reserve	121,649	1	283,732	2
3320	Special reserve	401,956	2	401,956	2
3350	Unappropriated earnings	172,602	1	(162,083)	(1)
3300	Total retained earnings	696,207	4	523,605	3
3400	Other equities	(564,277)	(3)	(456,503)	(2)
31XX	Total equity of company owners	4,654,437	24	4,704,317	27
36XX	Non-controlling interests（Note 27）	744,486	4	750,466	4
3XXX	Total equity	5,398,923	28	5,454,783	31
	Total liabilities and equity	$ 19,131,909	100	$ 17,847,430	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. and Subsidiaries

Consolidated 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, 28 and 37）				
4100	Net sales revenue	$ 10,313,762	98	$ 8,407,460	98
4800	Other operating income	161,923	2	187,199	2
4000	Total operating income	10,475,685	100	8,594,659	100
	Operating costs（Note 11, 26, 29 and 37）				
5110	Cost of goods sold	8,871,900	85	7,350,952	86
5900	Gross operating income	1,603,785	15	1,243,707	14
5910	Unrealized sales benefits（Note 4）	-	-	(26)	-
5920	Realized sales benefits（Note 4）	26	-	-	-
5950	Gross realized operating income	1,603,811	15	1,243,681	14
	Operating expenses（Note 10, 26 and 29）				
6100	Marketing expenses	543,464	5	471,947	5
6200	General and administrative expenses	485,837	5	490,694	6
6300	Research and development expenses	230,732	2	208,459	2
6450	Expected credit loss	19,941	-	60,043	1
6000	Total operating expenses	1,279,974	12	1,231,143	14
6500	Net other income and expenses（Note 29 and 37）	47,228	1	(9,383)	-
6900	Operating income	371,065	4	3,155	-
	Non-operating income and expenses（Note 4, 7, 29 and 37）				
7100	Interest income	21,432	-	42,886	-
7190	Other income	173,970	2	204,648	2
7020	Other benefits and losses	(204,258)	(2)	(281,461)	(3)
7050	Financial costs	(152,354)	(2)	(177,717)	(2)
7060	Share of losses of affiliated companies using the equity method	(15,842)	-	(83,313)	(1)
7000	Total non-operating income and expenses	(177,052)	(2)	(294,957)	(4)
7900	Net profit （net loss）before tax	194,013	2	(291,802)	(4)
7950	Income tax benefits（Note 4 and 30）	(1,909)	-	(85,169)	(1)
8200	Net profit（net loss）for the year	195,922	2	(206,633)	(3)

（Continued）

（Continued from the previous page）

Code		2021 Amount	2021 %	2020 Amount	2020 %
	Other comprehensive income				
8310	Items not reclassified to profit or loss				
8311	Determine the remeasurement of the benefit plan（Note 26）	($ 12,373)	-	$ 29,226	-
8316	Unrealized appraisal gains and losses of equity instrument investments measured at fair value through other comprehensive gains and losses（Note 27）	(62,184)	(1)	29,573	1
8320	Share of other comprehensive profit and loss of affiliates using the equity method（Note 27）	(2,082)	-	(1,548)	-
8349	Income tax related to items not reclassified（Note 30）	2,392	-	(5,678)	-
		(74,247)	(1)	51,573	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 27）	(69,314)	-	(114,464)	(1)
8370	Share of other comprehensive profit and loss of affiliates using the equity method（Note 27）	(11,820)	-	26,815	-
8399	Income tax related to items that may be reclassified（Note 27 and 30）	14,447	-	18,305	-
8360		(66,687)	-	(69,344)	(1)
8300	Other comprehensive profit and loss for the year (net after tax)	(140,934)	(1)	(17,771)	-
8500	Total comprehensive profit and loss for the year	$ 54,988	1	($ 224,404)	(3)
8600	The net profit (net loss) is attributed to:				
8610	Owner of the company	$ 182,988	2	($ 207,286)	(2)
8620	Non-controlling interests	12,934	-	653	-
		$ 195,922	2	($ 206,633)	(2)
8700	The total comprehensive profit and loss is attributed to:				
8710	Owner of the company	$ 64,828	1	($ 241,385)	(3)
8720	Non-controlling interests	(9,840)	-	16,981	-
		$ 54,988	1	($ 224,404)	(3)
	Earnings per share (net loss)（Note 31）				
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. and Subsidiaries
Consolidated 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		Equity attribute to the Company's owner										Non-controlling interests	Total equity
				Retained Earnings			Other Equities						
		Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Conversion difference in the conversion of financial statements of foreign operating institutions	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total	Treasury stocks	Grand 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	$ 795,067	$ 6,268,181
	Appropriations of 2019 earnings (Note 27)												
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)	-	(403,794)
C15	Cash dividends from capital surplus distributed to shareholders - NT$0.45 per share (Note 27)	-	(173,055)	-	-	-	-	-	-	-	(173,055)	-	(173,055)
D1	Net income (loss) for the year ended December 31, 2020	-	-	-	-	(207,286)	-	-	-	-	(207,286)	653	(206,633)
D3	Other comprehensive (loss) income after tax for the year ended December 31, 2020	-	-	-	-	23,332	(74,434)	17,003	(57,431)	-	(34,099)	16,328	(17,771)
D5	Total comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	(183,954)	(74,434)	17,003	(57,431)	-	(241,385)	16,981	(224,404)
M3	Subsidiary liquidation and returned shares (Note 27 and 32)	-	7,459	-	-	-	12,788	-	12,788	12,681	32,928	(189,185)	(156,257)
M5	Difference between actual acquisition of the subsidiary equity price and book value (Note 12, 27 and 33)	-	675	-	-	-	-	-	-	-	675	(22,004)	(21,329)
M7	Changes equity to the subsidiary ownership (Note 12, 27 and 33)	-	22,394	-	-	-	422	1,102	1,524	-	23,918	(23,918)	-
O1	Cash dividends from the subsidiaries (Note 27)	-	-	-	-	-	-	-	-	-	-	(45,663)	(45,663)
Q1	Other comprehensive loss and income at fair value through liquidation (Note 27)	-	-	-	-	11,428	-	(11,428)	(11,428)	-	-	-	-
T1	Non-controlling interests increase (Note 27)	-	(8,084)	-	-	-	-	-	-	-	(8,084)	219,188	211,104
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	750,466	5,454,783
	Distributions and appropriations of 2020 earnings (Note 27)												
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	-	661
C15	Cash dividends from capital surplus to shareholders - NT$0.3 per share (Note 27)	-	(115,369)	-	-	-	-	-	-	-	(115,369)	-	(115,369)
D1	Net income for the year ended December 31, 2021	-	-	-	-	182,988	-	-	-	-	182,988	12,934	195,922
D3	Other comprehensive (loss) income after tax for the year ended December 31, 2021	-	-	-	-	(10,446)	(59,350)	(48,364)	(107,714)	-	(118,160)	(22,774)	(140,934)
D5	Total comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	172,542	(59,350)	(48,364)	(107,714)	-	64,828	(9,840)	54,988
O1	Cash dividends from the subsidiaries (Note 27)	-	-	-	-	-	-	-	-	-	-	(9,271)	(9,271)
Q1	Other comprehensive loss and income at fair value through liquidation (Note 27)	-	-	-	-	60	-	(60)	(60)	-	-	-	-
T1	Non-controlling interests increase (Note 27)	-	-	-	-	-	-	-	-	-	-	13,131	13,131
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	$ 744,486	$ 5,398,923

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. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31 of 2021 and 2020

(In thousands of New Taiwan Dollars)

Code		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income (Loss) before tax	$ 194,013	($ 291,802)
A20000	Adjustments for:		
	Revenues/Expenses		
A20100	Depreciation	647,023	615,814
A20200	Amortization	1,827	2,073
A20300	Expected credit loss	19,941	60,043
A20400	Financial assets and liabilities at fair value through profit or loss	15,798	9,740
A20900	Financial costs	152,354	177,717
A21200	Interest income	(21,432)	(42,886)
A21300	Dividend income	(2,334)	(1,487)
A22300	Share of loss of associates & joint ventures accounted for using the equity method	15,842	83,313
A22500	Loss (income) from liquidation of property, plant and equipment	(47,228)	9,383
A23700	Inventory valuation and obsolescence losses	33,199	42,628
A23900	Unrealized sales benefits	-	26
A24000	Realized sales benefits	(26)	-
A24100	Unrealized foreign exchange losses	38,893	95,539
A24500	Benefits from liquidation of subsidiary	-	(9,154)
A29900	Allowance (reversal) for refund liability	1,541	(1,950)
A29900	Gains from lease amendment	(224)	(10)
	Changes in operating assets and liabilities		
A31130	Notes receivable（include related parties）	(106,129)	14,976
A31150	Accounts receivable（include related parties）	(55,793)	58,893
A31180	Other receivables（include related parties）	16,208	(56,839)
A31200	Inventory	(973,293)	42,252
A31230	Prepayments	(33,646)	37,655
A31240	Other current assets	30,781	88,533
A32130	Notes payable	102,265	(1,367)
A32150	Accounts payable	136,270	7,761
A32160	Accounts payable-related parties	31,473	(32,879)
A32180	Other payables	48,618	(122,455)
A32190	Other payables-related parties	(8,298)	9,697
A32230	Other current liabilities	22,248	(19,993)
A32240	Net confirmed welfare liability (assets)-non-current	(9,439)	(27,231)
A32990	Non-current deferred income	15,481	22,829
A33000	Cash generated from operations	265,933	770,819
A33100	Interest received	19,339	40,590
A33200	Dividends received	2,334	1,487
A33300	Interest paid	(154,074)	(179,579)
A33500	Income tax paid	(20,613)	(30,296)
AAAA	Cash generated from operations (net)	112,919	603,021
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of financial assets at fair value through other comprehensive gains and losses-current	(88,650)	(83,563)
B00020	Liquidation of financial assets at fair value through other comprehensive gains and losses-current	14,656	63,635
B00100	Acquisition of financial assets at fair value through profit or loss	(146,867)	(21,277)
B00200	Liquidation of financial assets at fair value through profit or loss	16,822	24,242

（Continued）

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Code		2021	2020
B00040	Acquisition of financial assets at amortized cost	($ 10,521,071)	($ 10,682,165)
B00060	Financial assets at amortized cost repayment of principal upon maturity	9,884,632	9,900,763
B01800	Investments accounted for using the equity method	(88,332)	(6,375)
B02000	Incrase in prepayments for investments	-	(34,647)
B02200	Net cash flows from subsidiary acquisition	-	(1,225)
B02300	Net cash flows (outflows) from subsidiary liquidation	74,012	(1,801)
B02400	Net returned payments for share from subsidiary liquidation	33,492	-
B02700	Acquisition of property, plant and equipment	(288,921)	(438,271)
B02800	Proceeds from liquidation of property, plant and equipment	112,113	263,177
B03700	Increase in refundable deposits	(8,219)	(1,445)
B03800	Decrease in refundable deposits	1,849	2,928
B04100	Increase in other receivables	(40,000)	-
B04300	Increase in other receivables-related parties	-	(8,009)
B04400	Decrease in other receivables-related parties	8,009	-
B04500	Acquisition of intangible assets	(99)	(565)
B05350	Liquidation of right-of-use assets	1,773	-
B05500	Proceeds from disposal of real estate investments	7,452	43,030
B06700	Increase in prepayment for equipment	(86,410)	(12,866)
B06800	Decrease in long-term receivables	732	1,355
B07600	Received dividends from associated companies	-	7,949
BBBB	Net cash used in investing activities	(1,113,027)	(985,130)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	27,655,183	29,164,154
C00200	Decrease in short-term loans	(28,039,284)	(27,574,750)
C00500	Increase in short-term notes payable	18,280,607	3,948,627
C00600	Decrease in short-term notes payable	(18,250,597)	(3,638,916)
C01600	Loan of long-term debt	7,226,476	5,023,231
C01700	Repayment of long-term debt	(5,834,283)	(6,105,032)
C03000	Increase in deposit received	3,828	6,224
C03100	Decrease in deposit received	(4,050)	(8,010)
C03700	Increase in other payables-related parties	184,476	175,660
C03800	Decrease in other payables-related parties	(205,544)	(181,974)
C04020	Repayment of the principal portion of lease liabilities	(60,449)	(47,391)
C04500	Cash dividends	(115,369)	(576,849)
C05400	Cash capital increase of subsidiary	13,131	211,104
C05800	Payment of cash dividends of non-controlling interests	(9,271)	(45,663)
C09900	Acquisition of ownership interests in subsidiaries	-	(96,279)
CCCC	Net cash generated from financing activities	844,854	254,136
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREGIN CURRENCIES	(22,657)	8,106
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(177,911)	(119,867)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,223,480	1,343,347
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,045,569	$ 1,223,480

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 YehManager: Wei-Li YehAccounting 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 consolidated financial statements is New Taiwan Dollars.

2. The date and procedures for passing the financial report

The consolidated 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).
The application of amendments to the IFRSs recognized and issued by the FSC did not have a significant impact on the Company and the entities controlled by the Company's (collectively, "the Group") 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 consolidated financial statements were authorized for issue, the Group 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: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.Except for the recognition of deferred tax for the temporary differences of lease and decommissioning obligations on January 1, 2022, the amendment applies to all transaction after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group continues to evaluate the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary explanation of major accounting policies

(1) Statement of compliance

The consolidated 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 consolidated 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); and
3. Level 3 inputs are unobservable inputs for an asset or liability.

(3) Classification of current and noncurrent 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 and cash equivalents 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 assets or non-current liabilities.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-company transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The carrying amount of the Group and non-controlling interests has been adjusted to reflect changes in its relative equity in the subsidiary. The difference

between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the owners of the company.

When the Group loses control of a subsidiary, the gain or loss on disposal is the difference generated from (1) the aggregate of the fair value of the consideration received and the fair value of the remaining investment in the former subsidiary at the date of loss of control, and (2) the aggregate total of the assets and liabilities and noncontrolling interests of the former subsidiary at the carrying amount on the date of loss of control. The Group accounts for all amounts recognized in other comprehensive income or loss related to the subsidiary on the same basis as the Group must follow for the direct disposal of the related assets or liabilities.

The remaining investment in a former subsidiary is recognized as the original investment in related companies based on the fair value on the date of loss of control.

See Note 12, Schedule 6 and Schedule 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

(5) Business combinations

The business combinations follow the acquisition laws. The related acquisition-related costs are included as expenses in the period of cost occurrence and labor acquisition.

Goodwill is measured at the fair value of the transfer consideration and the total fair value of the acquirer's previously held interest in the acquirer at the date of the acquisition, in excess of the net amount of identifiable assets and liabilities acquired at the date of the acquisition.

(6) 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).

For the purpose of presenting the consolidated financial statements, the functional currencies of its foreign operations are translated into the

presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

If the Group disposes of all the interests of a foreign operation, or disposes of some interest of a subsidiary of a foreign operation but loses control, or disposes of a related company of a foreign operation after the retained interests are financial assets and treated in accordance with the accounting policies of financial instruments, all accumulated foreign exchange differences attributed to the owners of the Company and related to the foreign operations will be re-classified to profit or loss.

(7) Inventories

Inventories consist of raw materials, work in progress (including outsourced) 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.

(8) Investments in associates and joint venture

An associate is an entity over which the Group has significant influence, and which are neither a subsidiary nor an interest in a joint venture. A joint venture is a joint agreement whereby the merging company has joint control over another company and has rights to its net assets.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in

relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group transacts with its associates or joint ventures, profits and losses resulting from the transactions with the associate or joint venture are recognized in the consolidated financial statements to the extent of interests in the associate that are not related to the Group.

(9) 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.

(10) Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation.

Straight-line basis depreciation of investment real estate.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(11) Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

To impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual year, that unit shall be tested for impairment before the end of the current annual year. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(12) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(13) Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets (excluding goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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 estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying

amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(14) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. Financial assets

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

(1) Measurement categories

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at FVTOCI.

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 36.

B. Financial assets carried at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable (net) and other receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using

the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

b. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred: significant financial difficulty of the issuer or the borrower; breach of contract, such as a default: it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts

receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that internal or external information which shows that the debtor is unlikely to pay its creditors would indicate that a financial asset is in default (without taking into account any collateral held by the Group).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any

non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3. Derivative instruments

The derivative instruments which are entered into by the Group are exchange rate swap contract to manage the exchange rate risk of the Group.

Derivative instruments are originally recognized at fair value at the time of signing the derivative instruments contract, and are subsequently re-measured at fair value at the balance sheet date. When the fair value of derivative instruments is positive, it is then classified as a financial asset; when the fair value is negative, it is then classified as a financial liability.

(15) Treasury stocks

The subsidiary holds the shares of the parent company on the basis of the book value of the parent company when the subsidiary becomes a subsidiary.

(16) Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(17) Revenue recognition

The Group allocates the transaction price to each contractual performance obligation after the contractual performance obligation is identified in the customer contract and recognized revenue when each performance obligation is satisfied.

Sales revenue

Sales revenue comes from the sale of long and short fiber fabrics. The Group recognizes revenue and accounts receivable at the time when the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence of the products when the trade terms are fulfilled. Receipts in advance are recognized as contract liabilities when the trade term is fulfilled or the products shipped.

Therefore, no revenue is recognized when the product is in de-materialization process.

(18) Lease

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The lease payment of the operating lease is recognized as income on a straight-line basis during the relevant lease period. The original direct

costs incurred as a result of the acquisition of a business lease are added to the carrying amount of the underlying asset and are recognized as expenses during the lease period on a straight-line basis.

2. The Group as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any re-measurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the changes in lease term result in changes in future lease payments, The Group re-measures the lease liability and adjusts the right-to-use assets relatively, provided that the book value of the right-to-use assets has been reduced to zero, the remaining measured amount is recognized in the profit and loss. Lease liabilities are expressed separately in the consolidated balance sheet.

(19) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(20) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to revenue are recognized in other income on a

systematic basis over the period in which the related costs intended to be reimbursed are recognized as expenses by the Group. Government grants that are contingent on the acquisition of non-current assets by the Group are recognized as deferred revenue and are transferred to other income on a systematic basis over the life of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(21) 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.

(22) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

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 judgements, estimates and assumptions

In the application of the Group'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 Group considers the economic implications of the COVID-19 recent situation in domestic when making its critical accounting estimates, including cash flow estimates, growth rate, discount rate and profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand, turnover and petty cash	$ 1,372	$ 1,403
Bank checks and demand deposits	814,263	1,115,912
Cash equivalents (investments with an original expiry date of less than 3 months)		
Time deposit	229,934	6,165
Commercial paper	-	100,000
	$ 1,045,569	$ 1,223,480

The annual interest rate of cash equivalents on December 31, 2021 and 2020 was 0.08% to 3.3% and 0.95% to 3.3%, respectively.

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 and loss		
Derivative instruments (not designated as hedge)		
Conversion rights of private placement convertible bonds of listed companies (Note 9)	$ -	$ 52,461
Structured deposits (1)	130,413	-
Non-derivative financial assets		
Domestic listed (OTC) stocks	3,405	2,856
Fund beneficiary certificates	8,914	9,387
	$ 142,732	$ 64,704
Financial liabilities - current		
Held for trading		
Derivative instruments (not designated as hedge)		
Exchange rate swap contracts (2)	$ 120	$ 20,927

(1) Structure deposits contain an embedded derivative instrument that is not closely associated with host contracts. All of these investments have been classified as mandatorily measured at FVTPL under IFRS 9 since the structured deposits contain host contracts that are assets within the scope of IFRS 9.

(2) Foreign exchange contracts with no hedging accounting applied at the balance sheet date and which have not yet due are as follows:

December 31, 2021

Category	Currencies	Expiration Period	Contract Amount (In thousands of NTD)
Exchange rate swap contracts	NTD to USD	2022.02.09～2022.03.21	NTD 442,586／USD 15,900
Exchange rate swap contracts	NTD to CNY	2022.05.24～2022.06.09	NTD 109,513／CNY 26,000

December 31, 2020

Category	Currencies	Expiration Period	Contract Amount (In thousands of NTD)
Exchange rate swap contracts	NTD to USD	2021.01.28～2021.08.09	NTD 679,680／USD 23,100
Exchange rate swap contracts	NTD to CNY	2021.02.23	NTD 43,128／CNY 10,000

The purpose of the Group to engage in foreign exchange transactions is mainly to avoid the risk of foreign currency assets and liabilities due to foreign exchange fluctuations.

Financial assets and liabilities at fair value through profit or loss in the years of 2021 and 2020 resulted the evaluation loss of NT$44,383,000 and evaluation benefits of NT$18,301,000, respectively, which were included under other benefits and losses in the consolidated comprehensive income statement.

8. Financial assets - Equity instrument investment at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Current		
Domestic investment		
Shares of listed (OTC) companies	$ 109,867	$ 38,979
Non-current		
Domestic investment		
Private shares of listed companies		
Chia Her Industrial Co., Ltd., Private common shares	$ 106,209	$ 120,056

The Group exercises the conversion right in November 2021 and acquired 3,550,000 shares of Chia Her Industrial Co., Ltd. (“Chia Her”) private placement common stock at NT$8.45 per share. The fair value per share on the conversion date measured by an independent appraiser was NT$12.74 and the total amount of NT$45,231,000, which was included in financial assets at fair value through other comprehensive income.

In July 2013 and May 2014, the Group subscribed 13,980,000 and 15,873,000 shares (2,266,000 and 2,573,000 shares after the capital reduction) of Chia Her private placement common stock at NT$1.43 and NT$1.26 per share for $19,991,000 and $20,000,000, respectively. Although the 3-year lock-up period has passed, the Company is still unable to complete the public offering because its past profitability does not meet the requirements for listing.

The Group invests in common shares and private placement common stocks of listed companies and common share of unlisted (un-OTC) companies for medium- and long-term strategic purposes. The management of the Group 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. Thus, they select and designate these investments at fair value through other comprehensive income.

9. Financial assets at amortized cost

	December 31, 2021	December 31, 2020
Current		
Domestic investment		
Financial product (1)	$ -	$ 13,094
Pledged demand deposit	303,374	323,470
Pledged time deposit (1)	3,116,090	2,480,338
	$ 3,419,464	$ 2,816,902
Non-current		
Domestic investment		
Chia Her Industrial Co., Ltd., Private equity convertible corporate bond (2)	$ -	$ 27,725

(1) Financial product interest rate range: - / 3.88%; Time deposit interest rate range: 0.07%～2.65% / 0.07%～2.2%

The financial products are non principal guaranteed and with floating interest rates.

(2) In October 2018, the Group purchased 300 three-year private placement convertible bonds of Chia Her Industrial Co. at a book value of $100,000 with a coupon rate of 4.5% and an effective interest rate of 14.66%. This investment is not transferable within three years in accordance with the relevant laws and regulations. The Group has exercised the conversion right in November 2021 (please refer to Note 8).

The Group classifies its investment in corporate bonds as investment in liability instruments measured at amortized cost - non-current. Since the economic characteristics and risks of these derivative instruments are not closely related to those of the host contract, the Group recognizes the derivative separately from the corporate bonds.

(3) For information on pledges of financial assets measured at amortized cost, please refer to Note 38.

(4) The Group invests only in liability instruments with low credit risk as assessed

by the impairment. The Group 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, 2020 and 2019.

10. Notes receivable, net accounts receivable, and other accounts receivable

(1) Notes receivable

Notes receivable of the Group are all business-related.

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

(2) Accounts receivable

	December 31, 2021	December 31, 2020
At amortized cost		
Total carrying amount	$ 1,769,323	$ 1,709,214
Less: Allowance for losses	89,279	94,352
	$ 1,680,044	$ 1,614,862

The average credit period of sales of goods of the Group was 30-120 days. No interest for accounts receivable. To mitigate credit risk, the Group'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 Group reviews the recoverable amounts of accounts receivable on an individual case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the management of the Company believes that the credit risk of the Group has been significantly reduced.

The Group measures the loss allowance for notes and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on notes and accounts receivable are estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show there are significant differences in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, only sets the expected credit loss rate based on the number of days to establish accounts receivable.

If there is any evidence shows that the counter-party is in serious financial difficulty and the Group cannot reasonably expect to recover the amount, for example, if the counter-party is in a liquidation process, the Group will directly write off the related accounts receivable but will continue the recovery activities, and the recovered amount will be recognized in profit or loss.

The Group measured the allowance for losses on accounts receivable as follows:

December 31, 2021

	Less than 90 days	91-180 days	181-365 days	More than 366 days	Total
Expected credit loss rate	0%	0%～5%	0%～100%	0%～100%	
Total carrying amount	$ 1,575,339	$ 104,197	$ 34,913	$ 54,874	$ 1,769,323
Allowance for losses (expected credit losses during the continuance period)	-	(3,981)	(31,127)	(54,171)	(89,279)
Amortized cost	$ 1,575,339	$ 100,216	$ 3,786	$ 703	$ 1,680,044

December 31, 2020

	Less than 90 days	91-180 days	181-365 days	More than 366 days	Total
Expected credit loss rate	0%	0%～5%	0%～100%	0%～100%	
Total carrying amount	$ 1,470,655	$ 130,757	$ 47,868	$ 59,934	$ 1,709,214
Allowance for losses (expected credit losses during the continuance period)	-	(1,273)	(33,993)	(59,086)	(94,352)
Amortized cost	$ 1,470,655	$ 129,484	$ 13,875	$ 848	$ 1,614,862

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

	2021	2020
Beginning balance	$ 94,352	$ 37,788
Impairment loss for the year	19,941	60,043
Actual write-off for the year	(24,855)	(3,605)
Subsidiary liquidation and returned shares	-	(207)
Foreign exchange difference	(159)	333
Ending balance	$ 89,279	$ 94,352

Please see Note 36-5, financial assets transfer information, for the Group's transfer of accounts receivable.

(3) Other receivables

	December 31, 2021	December 31, 2020
Loans to others	$ 40,000	$ -
Proceeds from sale of equipment	665	20,554
Proceeds from sale of investment fixed property	-	7,452
Proceeds from sale of right-of-use asset	11,426	13,199
Government grants	-	8,817
Others	46,487	66,056
	$ 98,578	$ 116,078

11. Inventory

	December 31, 2021	December 31, 2020
Finished goods	$ 2,124,448	$ 1,810,813
Work-in-progress	1,069,607	807,249
Raw materials	934,953	586,119
Work-in-progress materials-outsourced	22,685	6,616
	$ 4,151,693	$ 3,210,797

Natures of cost of goods sold:

	2021	2020
Cost of inventory sold	$ 8,813,922	$ 7,254,036
Inventory valuation and obsolescence losses	33,199	42,628
Unallocated manufacturing cost (Note)	22,517	53,118
Others	2,262	1,170
	$ 8,871,900	$ 7,350,952

Note: Unallocated manufacturing costs of the year 2020 include expenses related to the shutdown period due to the impact of the COVID-19 outbreak.

12. Subsidiary

Subsidiaries included in Consolidated Financial Statements

The main elements of the consolidated financial statements are as follows:

Name of investment company	Name of subsidiary	Business type	Percentage of shareholding (%) December 31, 2021	Percentage of shareholding (%) December 31, 2020	Note
The Company	De Licacy (Samoa) Holdings Company (De Licacy Samoa Company)	General investment	100	100	(1)
	De-Fa International Industrial Co., Ltd. (De Fa Company)	General import and export trade	100	100	
	Chadtex Industrial Co., Ltd. (Chadtex Company)	Manufacture and sale of long fiber garments	55.06	55.06	(2)
	Lucky Unique Enterprise Co., Ltd. (Lucky Unique Enterprise)	Manufacture and processing of various fiber textile products	-	-	(3)
	British Virgin Islands De Licacy Holdings Limited (De Licacy BVI Holdings)	General investment	100	100	
	View Best Global Limited (View Best Global Limited)	General investment	100	100	(4)
De Licacy Samoa Company	Vantage Gain Holdings Limited (Vantage Gain Limited)	General investment	73.33	73.33	(5)
	Best Alliance International Limited (Best Alliance Limited)	General investment	100	100	(6)
	Hao Wan Investment Limited (Hao Wan Limited)	General investment	-	-	(7)
	De Licacy (Anguilla) Holdings Co. Ltd. (De Licacy Anguilla Company)	General investment	100	100	(16)
	De Hong Holdings Co., Ltd. （De Hong Company）	General investment	50	50	(8)

Name of investment company	Name of subsidiary	Business type	Percentage of shareholding (%) December 31, 2021	Percentage of shareholding (%) December 31, 2020	Note

(Continued)

（Continued from the previous page）

			Percentage of shareholding (%)		
	New Lake Ltd. (New Lake Ltd.)	General import and export trade	100	100	(9)
	Beauty Plus Ventures Limited (Beauty Plus Limited)	General investment	85	85	(8)
Hao Wan Limited	Chang Sin Lucky Unique Enterprise Textile Limited (Chang Sin Lucky Unique Enterprise)	Manufacture, dyeing and sales of various high-quality fabrics and textiles	-	-	(7)
De Licacy BVI Holdings	De Shen (Cayman) Holdings Co., Ltd. (De Shen (Cayman) Company)	General investment	100	100	
De Shen (Cayman) Company	Vietnam De Licacy Enterprise Liabilities Limited (Vietnam De Licacy Enterprise)	Printing, dyeing, finishing, garment manufacturing and trading of various textile and yarn materials	100	100	
De Hong Company	De Hong International Co., Ltd. (Vietnam) (De Hong (Vietnam) Company)	Printing and finishing of various types of garments and cloths	100	100	
Best Alliance Limited	Hangzhou De Licacy Textile Limited (Hangzhou De Licacy Limited)	Production and sales of long and short fiber fabric processing and finishing	100	100	
	Eden Road International Limited (Eden Road Limited)	General import and export trade	-	100	(10)
	Bright Wisdom Ltd.	General investment	53.22	53.22	(11)
	Hong Kong Eden Road International Limited (Hong Kong Eden Road Limited)	General import and export trade	100	100	(6)
	Nantong De Licacy Textile Technology Limited (Nantong De Licacy Limited)	Production and sales of long and short fiber fabric processing and finishing	100	-	(6)
De Fa Company	Eden Road Limited	General import and export trade	100	-	(10)
Lucky Unique Enterprise	Gain Faith Investments Ltd. (Gain Faith Ltd.)	General investment	-	-	(3)
	E Textile Co., Ltd. (E Textile Company)	Manufacture and processing of various fiber textile products	-	-	(3)
	De Kao Trading Co., Ltd. (De Kao Company)	General import and export trade	-	-	(3) and (12)
	Tung Ming Textile Co., Ltd. (Tung Ming Company)	Manufacture, processing, and trading of chemical fibers	-	-	(3) and (13)
Bright Wisdom Ltd.	Total Express Ltd.	International trade business	100	100	
	Apex Textile Co., Ltd. (Apex Textile Company)	Manufacture and sale of textile products and dyeing and finishing	100	100	
	Lucky Apex Ventures Limited	General investment	100	100	
	Futures Co., Ltd.	General import and export trade	100	100	(14)
Lucky Apex Ventures Limited	Apex (Anqing) Textile Co., Ltd. (Apex (Anqing) Company)	Manufacture and sale of various high-quality fabrics and textiles	100	100	
—	Thousand Well International Limited (Thousand Well Limited)	International trade business	-	-	
—	Fastpower Limited (Fastpower Limited)	International trade business	-	-	
—	Thousand Well (Samoa) International Limited (Thousand Well (Samoa) Limited)	International trade business	-	-	(15)
—	Fastpower (Samoa) Limited (Fastpower (Samoa) Limited)	International trade business	-	-	(15)

(1) The Company increased investments in De Licacy Samoa Company NT$55,645,000 (USD2,000,000) and NT$320,241,000 (USD11,059,000) in 2021 and 2020, respectively.

(2) In 2020, the Company acquired 4.65% of Chadtex Company from an unrelated party for NT$21,329,000, resulting in an increase in shareholding from 50.41% to 55.06%. The Company increased capital surplus by NT$675,000 for the difference between the actual acquisition price and the carrying amount, see Note 33.

(3) On January 14, 2020, the Board of Directors approved the purchase of 1.22% of Lucky Unique Enterprise from its subsidiary Tung Ming Company for NT$6,633,000, resulting in an increase in shareholding from 59.7% to 60.92%, and therefore the transfer of shareholding was a reorganization of a jointly controlled entity. Therefore, the transfer of ownership was a reorganization under common control, and the Group reduced the capital surplus by NT$27,000 for the difference between the transaction price and the net equity, see Note 33.

On June 19, 2020, the Board of Directors approved the sale of 35.94% of Lucky Unique Enterprise's shares (14,293,000 shares to unrelated parties) for NT$195,227,000 (NT$13.7 per share, net of securities transaction tax of NT$587,000), resulting in a reduction of the shareholding to 24.98%. The transaction price was determined with reference to the equity value valuation report of Evermore Consulting Co., Ltd., an independent consultant of the unrelated party, as of 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 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 13 and Note 32.

(4) The Company increased its investment in View Best Global Limited by $15,622,000 (USD540,000) in 2020, mainly for the purpose of lending funds to ATAGO Vietnam 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.

(5) De Licacy Samoa Company increased its investment in Vantage Gain Limited by USD1,281,000 and USD159,000 in 2021 and 2020, respectively, mainly for indirect investment in Perfect Step Investments Limited (Perfect Step Ltd. holds 20% of the shares).

(6) De Licacy Samoa Company indirectly invested NT$1,572,000 (USD50,000) in Hong Kong Eden Road Limited through Best Alliance Limited in March 2020, and Hong Kong Eden Road Limited is mainly engaged in general import and export trade. De Licacy Samoa Company increased its investment of NT$138,875,000 (USD5,000,000) in Best Alliance Limited in 2021, mainly for directly investing Nantong De Licacy Limited (100% shareholdings). This investment was approved by Investment Commission, MOEA and registered in August 2021.

(7) Chang Sin Lucky Unique Enterprise was liquidated on October 31, 2020, and the liquidation amount of NT$77,739,000 was remitted to Hao Wan Limited on November 30, 2020 for the remittance to De Licacy Samoa Company.

(8) De Licacy Samoa Company increased its investment in De Hong Company (50% shareholdings) by USD300,000 and Beauty Plus Limited (85%

shareholdings) by USD179,000 in 2020, mainly for paying employees' salaries and wages and overseas maintenance fee.

(9) De Licacy Samoa Company invested an additional NT$174,300,000 (USD6,000,000) in New Lake Company in 2020 to repay the USD loan.

(10) On January 14, 2021, the Board of Directors approved the acquisition of 100% equity interest in Eden Road Limited by De Fa Company from Best Alliance Limited. As such, the transfer of ownership was a reorganization under common control, and De Fa Company increased an additional invest of NT$104,969,000 (USD3,700,000) in Eden Road Limited in March 2021, mainly for repaying loans to related parties. In June 2021, De Fa Company received the return payment of NT$88,259,000 (USD3,111,000) from the capital reduction of Eden Road Limited.

(11) On January 14, 2020, the Board of Directors approved the acquisition of 5.22% and 20.23% equity interest in Bright Wisdom Ltd. by Best Alliance Limited from its subsidiaries Tung Ming Company and Eden Road Limited at US$1.0376 per share, respectively. As such, the transfer of ownership was a reorganization under common control, and the Group increased the Capital surplus by NT$1,177,000 for the difference between the transaction price and the net equity, see Note 33 attached.

Bright Wisdom Ltd. increased its capital by NT$209,403,000 (USD7,100,000) from January to September 2020, and its shareholding decreased from 71.3% to 53.22% because Best Alliance Limited did not recognize the capital increase in proportion to its shareholding. The Company reduced its capital stock by NT$8,084,000 for this unrecognized increase in capital stock, see Note 33.

(12) On March 12, 2020, the Board of Directors approved the sale of 60% of the shares of De Kao Company to the subsidiary, Lucky Unique Enterprise for $12,000,000. As such, the transfer of ownership was a reorganization under common control, and the Group increased the Capital surplus by NT$1,192,000 for the difference between the sale price and the net equity, see Note 33 attached.

(13) On April 20, 2020, the Board of Directors approved the sale of 91.28% of the shares of Tung Ming Company to the subsidiary, Lucky Unique Enterprise for $258,989,000. As such, the transfer of ownership was a reorganization under common control, and the Group increased the Capital surplus by NT$20,052,000 for the difference between the sale price and the net equity, see Note 33 attached.

(14) On September 24, 2020, Bright Wisdom Ltd. acquired 100% of the shares held by Futures Co., Ltd., which is mainly engaged in general import and export trade, from the key management for NT$3,000,000 (USD103,000). The Group recognized goodwill of NT$552,000 for the difference between the consideration transferred and the fair value, which was valued using the discounted cash flow method as of September 30, 2020, based on the valuation report of Eternal Asset Consulting Co. On September 24, 2020, Bright Wisdom Ltd. increased its investment in Futures Co., Ltd. by NT$7,000,000 (US$239,000), which was approved by the Investment Commission, MOEA on September 16, 2020 and approved on October 27, 2020.

(15) Thousand Well Limited and Fastpower Limited are companies to which the

Group has no material equity investment, but the Group has control over the financial and operating policies of these companies and therefore the Group has control over them and they are included in the preparation of the consolidated financial statements. The Group has established Thousand Well (Samoa) Limited and Fastpower (Samoa) Limited in October 2020 to transfer the operating activities of the former Thousand Well Limited and Fastpower Limited.

(16) De Licacy Samoa Company received the returned payment of NT$33,642,000 (USD1,200,000) from the capital reduction of De Licacy Anguilla Company in July 2021.

13. Investments using the equity method

	December 31, 2021	December 31, 2020
Investment in affiliates	$ 806,922	$ 746,595
Investment in joint ventures	9,395	46,459
	$ 816,317	$ 793,054

(1) Investment in affiliates

	December 31, 2021	December 31, 2020
Significant affiliates		
Perfect Step Ltd.	$ 248,679	$ 210,718
Sung Yu Company	385,909	399,151
Lucky Unique Enterprise	155,127	111,412
	789,715	721,281
Individually insignificant affiliates		
Vietnam ATAGO Company	17,207	25,314
	$ 806,922	$ 746,595

The Group's shareholdings and voting rights in significant affiliates as of the balance sheet date were as follows:

Company name	December 31, 2021	December 31, 2020
Perfect Step Ltd.	20%	20%
Sung Yu Company	38%	38%
Lucky Unique Enterprise	24.1%	24.98%
Vietnam ATAGO Company	30%	30%

The subsidiary, Vantage Gain Holdings Limited, increased its investment in Perfect Step Ltd. by NT$49,370,000 (US$1,747,000) and NT$6,375,000 (US$217,000) in 2021 and 2020, respectively, and Perfect Step Ltd. is mainly engaged in general investment.

Please refer to Note 12(3) for information on the Company's investment in the affiliate, Lucky Unique Enterprise Co., Ltd. The Company did not recognize cash capital increase of Lucky Unique Enterprise amounting to NT$38,962,000 in proportion of its shareholding, resulting in the shareholding decreased from 24.98% to 24.1%.

For information on the nature of business, principal place of business and

country of incorporation of the above affiliates, please refer to Schedule 6, "Information on Investee Companies, Location...etc.".

1. Significant affiliates

The following summarized financial information has been prepared on the basis of the financial statements of each affiliate IFRSs and reflects adjustments made under the equity method.

Perfect Step Ltd.

	December 31, 2021	December 31, 2020
Current assets	$ 10,210	$ 10,159
Non-current assets	1,566,631	1,611,909
Current liabilities	(506,330)	(649,100)
Equity	1,070,511	972,968
Controlled equity	(821,832)	(762,250)
Equity of the Group	$ 248,679	$ 210,718

	2021	2020
Operating income	$ -	$ -
Net loss	($ 22,660)	($ 50,482)

Sung Yu Company

	December 31, 2021	December 31, 2020
Current assets	$ 73	$ 77
Non-current assets	1,026,839	1,054,024
Current liabilities	(3,637)	(3,703)
Equity	1,023,275	1,050,398
Controlled equity	(637,366)	(651,247)
Equity of the Group	$ 385,909	$ 399,151

	2021	2020
Operating income	$ -	$ -
Net loss	($ 22,804)	($ 38,283)

Lucky Unique Enterprise

	December 31, 2021	December 31, 2020
Current assets	$ 992,723	$ 598,775
Non-current assets	1,065,722	801,251
Current liabilities	(1,389,028)	(924,092)
Non-current liabilities	(25,738)	(29,780)
Equity	643,679	446,154
Controlled equity	(488,552)	(334,684)
Equity of the Group	155,127	111,470
Unrealized income(loss) of upstream and downstream transactions	-	(58)
Investment carrying amount	$ 155,127	$ 111,412

	2021	2020
Operating income	$ 1,109,553	$ 614,595
Net income	$ 31,512	$ 15,285

2. Summarized information of individually insignificant affiliates

	2021	2020
Shares of the Group		
Total income (loss)	($ 8,107)	($ 15,941)

(2) Investment in joint ventures

Significant joint ventures－New Premium Enterprise Co., Ltd.

	December 31, 2021	December 31, 2020
Current assets	$ 18,326	$ 76,836
Non-current assets	464	19,196
Current liabilities	-	(3,114)
Equity	18,790	92,918
Controlled equity	(9,395)	(46,459)
Equity of the Group	$ 9,395	$ 46,459
Investment carrying amount	$ 9,395	$ 46,459

	2021	2020
Operating income	$ -	$ 42,829
Net loss	($ 5,143)	($ 53,282)

As of the balance sheet date, the Group held 50% of the equity and voting rights in the significant joint venture (New Premium Enterprise Co., Ltd.).

Investments accounted for using the equity method and the Group's share of profit or loss and other comprehensive income or loss are recognized on the basis of the audited financial statements of each of the affiliates and the joint venture for the same period.

14. Property, plant and equipment

Details of the two-period change in property, plant and equipment are set out in Schedule 11.

Among the owned land, part of the Group's factory land (with a book value of NT$23,507,000) is agricultural land, which is temporarily registered in the name of others, but the agricultural land has been set up as a mortgage to the Group.

The Group did not perform an impairment assessment for 2021 and 2020 as there was no indication of impairment.

Depreciation expense is accrued on a straight-line basis over the following number of years of useful life:

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 equipment	2 to 25 years
Transportation equipment	3 to 15 years
Other equipment	2 to 25 years

For the amount of property, plan and equipment pledged as security for loans by the Group, please refer to Note 38.

15. Lease agreement

(1) Right-of-use assets

	December 31, 2021	December 31, 2020
Right-of-use asset carrying amount		
Land	$ 317,336	$ 328,818
Buildings	26,286	37,984
Transportation equipment	3,001	3,175
Other equipment	5,401	590
	$ 352,024	$ 370,567

	2021	2020
Additions of right-of-use asset	$ 53,004	$ 27,455
Depreciation expense of right-of-use asset		
Land	$ 8,109	$ 10,287
Buildings	32,674	40,155
Transportation equipment	1,179	1,070
Other equipment	4,489	4,124
	$ 46,451	$ 55,636

Except for the above additions and recognition of depreciation expense, the Group's right-of-use assets are not subject to significant sublease or impairment in 2021 and 2020.

See Note 38 for the amount of the right-of-use asset that is set as a guarantee for the loan.

(2) Lease liabilities

	December 31, 2021	December 31, 2020
Lease liabilities carrying amount		
Current	$ 8,523	$ 27,739
Non-current	$ 4,624	$ 14,435

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

	December 31, 2021	December 31, 2020
Buildings	4.73%	1.32%～4.73%
Transportation equipment	1.12%～1.41%	1.41%～1.45%
Other equipment	-	1.78%

(3) Important tenant activities and terms

The Group leased certain pieces of land and buildings for factory and office use for a term of 40 to 50 years. At the end of the lease term, the Group has no priority purchasing rights for the leased land and buildings.

As of December 31, 2021, the right-of-use asset lease period was as follows:

Land	June 2047 to December 2068
Buildings	March 2022 to March 2023
Transportation equipment	April 2024 to June 2024

Apex Textile Co., Ltd. and Hangzhou De Licacy Company were authorized by the resolution of the Board of Directors on November 10, 2021 and December 15, 2021, respectively, to sign contracts with the enterprises entrusted by the local government for the acquisition of land use rights, plant and other assets. As of these Consolidated Financial Statements report date to the Board of Directors, it does not meet to any condition of an immediate sale or a highly probable sale.

(4) Other leasing information

	2021	2020
Short-term leasing expense	$ 1,680	$ 5,025
Total cash used in leasing	($ 62,129)	($ 52,416)

All commitments under leases commencing after the balance sheet date for the lease period are as follows:

	December 31, 2021	December 31, 2020
Lease commitment	$ 610	$ 4,870

16. Investment properties

Changes of land use right and buildings are as follows:

	2021	2020
Costs		
Beginning balance	$ 149,959	$ 145,772
Net foreign exchange difference	(1,099)	4,187
Ending balance	$ 148,860	$ 149,959
Accumulated depreciation		
Beginning balance	$ 84,888	$ 81,056
Depreciation	3,240	3,415
Net foreign exchange difference	(88)	417
Ending balance	$ 88,040	$ 84,888
Year end, net	$ 60,820	$ 65,071

Investment properties are depreciated on a straight-line basis over 20 years of useful life.

The fair value of investment property as of December 31, 2021 and 2020 was NT$252,598,000 and NT$202,384,000, respectively, which was based on the appraisal report performed by Evermore Valuation Joint Office, an independent non-related party.

The valuation was performed using the discounted cash flow analysis method. Of which, the fair value as of December 31, 2020 was based on the valuation performed by Evermore Valuation Joint Office on December 31, 2019. There was no significant change at the fair value as of December 31, 2020 compared to December 31, 2019.

Please refer to Note 38 for the amount of investment property pledged as collateral for loans.

17. Goodwill

The goodwill represents the increase in the indirect ownership of Bright Wisdom Ltd. by the Group in 2011, which was an investment classified as financial assets measured at cost-noncurrent, and changed to the valuation accounted for using equity method at the end of October 2011. The initial carrying value of the equity-method long-term equity investments was the carrying value as of January 1, 2011. The difference between the carrying value and the net equity includes goodwill of NT$12,444,000, which arose from the business combination of Bright Wisdom Ltd., which became a subsidiary of the Group from an affiliate company at the end of 2014.

The Group also acquired Jon Da Company in September 2020 and recognized goodwill totaling NT$552,000 for the difference between the consideration transferred and the fair value, see Note 12(14) attached.

18. Other intangible assets

	December 31, 2021	December 31, 2020
Computer software	$ 2,513	$ 3,414
Emissions right	11,127	12,009
	$ 13,640	$ 15,423

	Computer software	Emissions right	Total
Costs			
Balance at 1 January 2020	$ 9,349	$ 16,478	$ 25,827
Purchase of the year	565	-	565
Net foreign exchange difference	(25)	258	233
Subsidiary liquidation and returned shares	(970)	-	(970)
Balance at 31 December 2020	$ 8,919	$ 16,736	$ 25,655
Accumulated amortization			
Balance at 1 January 2020	$ 4,703	$ 3,830	$ 8,533
Amortization	1,252	821	2,073
Net foreign exchange difference	(18)	76	58
Subsidiary liquidation and returned shares	(432)	-	(432)
Balance at 31 December 2020	$ 5,505	$ 4,727	$ 10,232
Net at 31 December 2020	$ 3,414	$ 12,009	$ 15,423

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	Computer software	Emissions right	Total
Costs			
Balance at 1 January 2021	$ 8,919	$ 16,736	$ 25,655
Purchase of the year	99	-	99
Disposal	(2,086)	-	(2,086)
Net foreign exchange difference	(13)	(68)	(81)
Balance at 31 December 2021	$ 6,919	$ 16,668	$ 23,587
Accumulated amortization			
Balance at 1 January 2021	$ 5,505	$ 4,727	$ 10,232
Amortization	995	832	1,827
Disposal	(2,086)	-	(2,086)
Net foreign exchange difference	(8)	(18)	(26)
Balance at 31 December 2021	$ 4,406	$ 5,541	$ 9,947
Net at 31 December 2021	$ 2,513	$ 11,127	$ 13,640

Except for the additions, disposals and recognition of amortization fee, there were no significant impairments to the Group's other intangible assets in 2021 and 2020.

Emissions Rights, which were acquired by a subsidiary in China in March 2015 for a fee, are accrued on a straight-line basis over 20 years. Computer software is amortized on a straight-line basis over 1 to 8 years.

19. Prepayments

	December 31, 2021	December 31, 2020
Current		
Prepayment for purchases	$ 128,041	$ 100,052
Prepayment for plating fee	2,606	4,090
Prepayment for leasing fee	2,431	2,174
Prepayment for insurance fee	879	913
Others	56,432	49,514
	$ 190,389	$ 156,743

20. Other assets

	December 31, 2021	December 31, 2020
Current		
Input tax	$ 377,355	$ 383,971
Tax overpaid retained for offsetting the future tax payable	84,495	115,350
Refundable tax	46,161	37,493
Others	23,220	24,719
	$ 531,231	$ 561,533
Non-current		
Prepayment for equipment	$ 114,685	$ 43,003
Long-term receivables	-	732
	$ 114,685	$ 43,735

21. Loan

(1) Short-term loans

	December 31, 2021	December 31, 2020
Secured loan (Note 38)		
Bank loan	$ 3,318,332	$ 3,849,446
Unsecured loan		
Bank loan by line of credit	2,686,617	2,551,511
	$ 6,004,949	$ 6,400,957

The annual interest rates of bank loans are 0.34% to 6.00% and 0.79% to 6.00% in 2021 and 2020, respectively.

The amount of fully-guaranteed short-term secured loans on December 31,2021 and 2020 is NT$1,908,500,000 and NT$1,393,000,000, respectively.

(2) Short-term notes payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ 740,000	$ 710,000
Less: Discount on short-term notes and bills payable	489	499
	$ 739,511	$ 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.	80,000	6	79,994	0.952～1.040	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	-
	$ 740,000	$ 489	$ 739,511			

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	-

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Guarantor/Acceptance agency	Face amount	Discount amount	Carrying amount	Interest rate range (%)	Name of collateral	Collateral carrying amount
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.	2,698,807	2,561,628
Less: Syndicated loans arrangement fee	5,225	6,023
	3,745,249	2,567,605
Unsecured loan		
Bank loan by line of credit1.	1,105,853	896,352
	4,851,102	3,463,957
Less: Classified as the part due within one year	199,251	282,952
	$ 4,651,851	$ 3,181,005

1. Bank guarantees and credit loans

	Expiry date	Contents	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	2022.08.05	The first installment was made 9 months after the first utilization of the credit line, and every 3 months thereafter, in a total of 10 equal installments. The Group had completed the repayment in 2021.	-	14,952
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.	250,000	250,000
Bank loan by line of credit	2025.08.21～2029.11.12	From September 2021 to September 2024, the principal is repaid in average monthly installments.	288,117	293,400
Bank loan by line of credit	2025.10.08	From November 2021, the principal is repaid in average monthly installments.	95,833	88,000
Bank loan by line of credit	2026.02.04	From March 2022, the principal will be repaid in average monthly installments.	70,000	-
Bank loan by line of credit	2024.09.30	From October 2022, the principal will be repaid in average monthly installments.	10,000	10,000
Bank loan by line of credit	2024.06.04	From June 2022, the principal will be repaid in 24 equal monthly installments.	4,000	-
Bank loan by line of credit	2024.09.29	The principal is repaid at a time when it is due.	117,903	-
			2,157,520	908,352
Less: Classified as the part due within one year			199,251	106,952
			$1,958,269	$ 801,400

The interest rate as of December 31, 2021 and 2020 are 0.21% to 1.55% and 0.21% to 1.79% per annum, respectively.

2. Bank syndication quota－2,200,000,000

(1) New bank syndications signed on September 30, 2021

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.

(2) Bank syndication quota－USD28,000,000

On September 30, 2021, De Shen (Cayman) Holdings Co., Ltd., a subsidiary of the Company, entered into a syndicated credit facility agreement with a syndicate of banks for a total amount of USD28,000,000 for the repayment of loans from financial institutions, including but not limited to the outstanding balance of the old syndicated loan and the replenishment of medium-term operating revolver.

Terms and conditions

Line of credit	Used amount December 31, 2021	Credit period	Annual interest rate	Credit granting method
USD28,000,000	$ 676,300 (USD24,500,000)	From the date of first use to the date of expiration of five years	1.04%	The total amount of the credit facility is to be utilized on a recurring basis, with the first installment of 30 months from the date of initial utilization (November 10, 2021) and subsequent installments every six months, with the total amount of the credit facility being reduced in six installments of eight percent (8%) from the first to the fifth installment and sixty percent (60%) from the sixth installment.

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

(1) Bank syndication quota－2,200,000,000

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

	Line of credit	Used amount December 31, 2021	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.

(2) Bank syndication quota－USD28,000,000

On February 13, 2019, De Shen (Cayman) Holdings Co., Ltd.,

a subsidiary of the Company, entered into a syndicated credit facility agreement with a syndicate of banks for a total amount of USD28,000,000 for the repayment of loans from financial institutions, including but not limited to the outstanding balance of the old syndicated loan and the replenishment of medium-term operating revolver.

Terms and conditions

Line of credit	Used amount December 31, 2020	Credit period	Annual interest rate	Credit granting method
USD28,000,000	$ 361,696 (USD12,700,000)	From the date of first use to the date of expiration of five years	1.1%～1.11%	The total amount of the credit facility is to be utilized on a recurring basis, with the first installment of 30 months from the date of initial utilization (February 13, 2019) and subsequent installments every six months, with the total amount of the credit facility being reduced in six installments of eight percent (8%) from the first to the fifth installment and sixty percent (60%) from the sixth installment.

(3) 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 Group's pledges to secure long-term loans are described in Note 38.

22. Notes payable and accounts payable

(1) Notes payable

	December 31, 2021	December 31, 2020
Occurrence due to business	$ 141,397	$ 70,882
Occurrence due to nonbusiness-purchase of property, plant and equipment	3,255	1,283
	$ 144,652	$ 72,165

(2) All accounts payable for business.

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

23. Other payables

	December 31, 2021	December 31, 2020
Payroll payable, bonus, remuneration for employees and directors	$ 182,815	$ 184,518
Utilities payable	87,835	68,793
Commission payable	40,372	46,690
Equipment payable	70,885	32,157
Leave payable	13,856	8,218
Sludge and sewage treatment payable	15,153	16,946
Business tax payable	17,363	7,200
Others	156,903	133,674
	$ 585,182	$ 498,196

24. Long-term deferred income

	December 31, 2021	December 31, 2020
Government grants	$ 72,032	$ 49,376

This represents government subsidies from environmental improvement projects, energy conservation projects and production line technology renovation, which has been transferred to profit or loss over the useful lives of the related assets of 5 to 15 years. Of which within one year has been transferred to income is NT$409,000, and recorded under current liabilities.

The subsidiary, Apex (Anqing) Textile Co., Ltd., received a land use right grant, which was recorded under deferred revenue and amortized to income over the 50-year life of the land use right.

25. Refund liability

	2021	2020
Beginning balance	$ 3,705	$ 6,523
Current year provision (reversal)	1,541	(1,950)
Subsidiary liquidation and returned shares	-	(860)
Net foreign exchange difference	(33)	(8)
Ending balance	$ 5,213	$ 3,705

26. 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 Group and its domestic subsidiaries, and contributes 6% of employees' monthly salaries to the individual accounts of the Labor Insurance Bureau.

The employees of the Group's subsidiaries in China and Vietnam are members of the post-employment benefit plan operated by the local governments in China and Vietnam. The subsidiaries are required to contribute a certain percentage of payroll costs to the post-employment benefit plan in order to fund the plan. The Group's obligation to this government-operated post-employment benefit plan is only to contribute a specific amount.

(2) Defined benefit plan

The pension plan of the Group 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 Group has no right to influence the investment management strategy.

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

	December 31, 2021	December 31, 2020
Defined benefit obligation current value	$ 194,129	$ 187,855
Plan assets at fair value	(196,206)	(193,331)
Net defined benefit assets	($ 2,077)	($ 5,476)

Net defined benefit liabilities changes:

	Defined benefit obligation current value	Plan assets at fair value	Net defined benefit assets
January 1, 2020	$ 304,916	($ 249,372)	$ 55,544
Current service costs	2,312	-	2,312
Interest expense (income)	1,841	(1,659)	182
Recognized in profit or loss	4,153	(1,659)	2,494
Re-measurement			
Planning assets remuneration (in addition to the amount included in net interest)	-	(7,287)	(7,287)
Actuarial loss (income)			
Changes in demographic assumptions	16	-	16
Changes in financial assumptions	4,271	-	4,271
Experience adjustment	(26,226)	-	(26,226)
Recognized in other comprehensive income	(21,939)	(7,287)	(29,226)
Employer's contribution	-	(29,725)	(29,725)
Benefit expenditures	(42,433)	42,433	-
Disposal of subsidiaries	(56,842)	52,279	(4,563)
December 31, 2020	187,855	(193,331)	(5,476)
Current service costs	1,227	-	1,227
Interest expense (income)	904	(983)	(79)
Recognized in profit or loss	2,131	(983)	1,148
Re-measurement			
Planning assets remuneration (in addition to the amount included in net interest)	-	(2,625)	(2,625)
Actuarial loss (income)			
Changes in demographic assumptions	3,514	-	3,514
Changes in financial assumptions	(2,126)	-	(2,126)
Experience adjustment	13,610	-	13,610
Recognized in other comprehensive income	14,998	(2,625)	12,373
Employer's contribution	-	(10,122)	(10,122)
Benefit expenditures	(10,855)	10,855	-
December 31, 2021	$ 194,129	($ 196,206)	($ 2,077)

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

	2021	2020
Operating costs	$ 644	$ 1,410
Marketing expenses	171	382
General and administrative expenses	144	320
Research and development expenses	189	382
	$ 1,148	$ 2,494

The Group 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 Group 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 defined benefit obligation current value of the Group was actuarially determined by a qualified actuary with the following significant assumptions as of the measurement date:

	December 31, 2021	December 31, 2020
Discount rate	0.5%～0.625%	0.2%～0.5%
Expected rate of salary increase	1.5%～2%	1.5%～2%

The amount by which the defined benefit obligation current value would increase (decrease) if there were reasonably possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant, is as follows:

	December 31, 2021	December 31, 2020
Discount rate		
Increase 0.1%	($ 1,631)	($ 1,693)
Decrease 0.1%	$ 1,652	$ 1,716
Expected rate of salary increase		
Increase 0.1%	$ 1,602	$ 1,663
Decrease 0.1%	($ 1,585)	($ 1,644)

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	$ 10,530	$ 9,919
Average period of defined benefit obligation expiration	3.7～8.7 years	4.3～9.3 years

27. Equity

(1) Common shares

	December 31, 2021	December 31, 2020
Authorized shares (1000 shares)	480,000	480,000
Authorized capital shares	$ 4,800,000	$ 4,800,000
Number of shares issued and fully paid (1000 shares)	384,566	384,566
Issued capital shares	$ 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
To be used to make up losses only		
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 29(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	(61,977)	(119,345)
Related taxes of foreign operating institutions	14,447	18,096
Shares of affiliates and joint ventures adopting the equity method	(11,820)	26,815
Other comprehensive income of the year	(59,350)	(74,434)
Disposal of subsidiaries	-	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 period generated		
Unrealized gains or losses / Equity instruments	(46,747)	18,335
Shares of affiliates adopting the equity method	(1,617)	(1,332)
Total other comprehensive income	(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) Non-controlling interests

	2021	2020
Beginning balance	$ 750,466	$ 795,067
Net income	12,934	653
Other comprehensive income of the year		
Conversion difference in the conversion of financial statements of foreign operating institutions	(7,337)	4,881
Unrealized gains or losses on financial assets at fair value through other comprehensive income	(15,437)	11,238
Income taxes related to the translation of financial statements of foreign operating entities	-	209
Cash dividends allocated	(9,271)	(45,663)
Subsidiary liquidation and returned shares	-	(189,185)
Non-controlling interests increase	13,131	219,188
Non-controlling interests decrease	-	(45,922)
Ending balance	$ 744,486	$ 750,466

(7) Treasury stocks

Shares of the parent company held by subsidiaries (1000 shares)	2020
Shares at beginning of the period	1,218
Increase (Note 1)	25
Decrease (Note 2)	(1,243)
Shares at end of the period	-

Note 1: The Company's shareholding in Lucky Unique Enterprise increased by 1.22% in 2020, representing a consolidated shareholding of 25,000 shares in the Company.

Note 2: The Company disposed of Lucky Unique Enterprise's shares in 2020 and lost control of Lucky Unique Enterprise Company. Therefore, Lucky Unique Enterprise'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.

28. Revenue

	2021	2020
Sales revenue	$ 10,475,685	$ 8,594,659

(1) Description of customer agreement

Revenue from sales of long- and short-staple fibers

The Group 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 Group's merchandise sales is 30 to 120 days. Most of the contracts are recognized as accounts receivable when the merchandise is transferred and the Group has the unconditional right to receive the consideration. However, for some of these contracts, The Group is obligated to transfer the merchandise to the customer.

(2)Balance of contract

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (include related parties) (Note 10 & 37)	$ 210,560	$ 104,431	$ 177,969
Accounts receivable (include related parties) (Note 10 & 37)	$ 1,798,017	$ 1,762,165	$ 1,960,681
Contract liabilities (items under other current liabilities included)			
Sale of goods	$ 52,407	$ 50,446	$ 86,947

(3) Revenue breakdown from customer contracts

	2021	2020
Major products		
Long- and short-staple fibers	$ 10,300,893	$ 8,137,230
Others	174,792	457,429
	$ 10,475,685	$ 8,594,659

29. Net income (loss) before tax

(1) Other income and loss, net

	2021	2020
Net income (loss) on disposal of property, plant and equipment	$ 47,228	($ 9,383)

(2) Interest income

	2021	2020
Bank deposits	$ 18,170	$ 38,992
financial assets at amortized cost	3,100	3,859
Loan interest received from related parties	162	35
	$ 21,432	$ 42,886

(3) Other income

	2021	2020
Subsidy income	$ 28,991	$ 101,472
Rent income	32,489	18,551
Claim income	4,790	15,243
Sale of cloth samples	6,015	3,499
Dividend income	2,334	1,487
Fire insurance claims income	10,405	-
Others	88,946	64,396
	$ 173,970	$ 204,648

(4) Other benefits and losses

	2021	2020
Benefits from liquidation of subsidiary	$ -	$ 9,154
Foreign exchange net loss	(91,071)	(219,941)
Financial product evaluation net loss at fair value through profit or loss	(44,383)	(18,301)
Others	(68,804)	(52,373)
	($ 204,258)	($ 281,461)

(5) Financial costs

	2021	2020
Total bank loan interest	$ 141,666	$ 167,040
Amortization of handling fees for syndicated loan cases	3,268	1,562
Lease liabilities interest	369	1,401
Loan interest paid to related parties	8,137	9,019
Less: Amounts included in the cost of qualified assets (included under property, plant and equipment and prepayments for equipment)	1,086	1,305
	$ 152,354	$ 177,717

Capitalization of interest, the relevant information is as below:

	2021	2020
Capitalization of interest amount	$ 1,086	$ 1,305
Capitalization of interest rate	1.14%～1.82%	1.32%～4.58%

(6) Depreciation and amortization

	2021	2020
Property, plant and equipment	$ 597,332	$ 556,763
Investment properties	3,240	3,415
Right-of-use assets	46,451	55,636
Intangible assets	1,827	2,073
	$ 648,850	$ 617,887
Depreciation expense summary by function		
Operating costs	$ 594,639	$ 557,453
Operating expenses	52,384	58,361
	$ 647,023	$ 615,814
Amortization fee summary by function		
Operating costs	$ 285	$ 177
Operating expenses	1,542	1,896
	$ 1,827	$ 2,073

(7) Employee benefit expense

	2021	2020
Short-term employee benefits		
Payroll	$ 987,806	$ 1,087,967
Labor and health insurance fees	98,000	96,672
Others	31,785	38,431
	1,117,591	1,223,070
Retirement benefits		
Defined contribution plan	29,692	112,336
Defined benefit plan (Note 26)	1,148	2,494
	30,840	114,830
	$ 1,148,431	$ 1,337,900
Summary by function		
Operating costs	$ 686,232	$ 823,155
Operating expenses	462,199	514,745
	$ 1,148,431	$ 1,337,900

(8) Remuneration to employee 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	to	4%
Remuneration to directors	to	1.5%

Amount

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

If there is any change in the amount after the adoption of the annual consolidated 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 employee compensation and remuneration of directors and supervisors for fiscal years of 2020 and 2019 and the amount recognized in the consolidated 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 (loss) income

	2021	2020
Total foreign exchange income	$ 185,966	$ 281,234
Total foreign exchange loss	(277,037)	(501,175)
Net loss	($ 91,071)	($ 219,941)

30. Income tax

(1) Income tax recognized in profit or loss

Main items of income tax benefit are as below:

	2021	2020
Current income tax		
Occurred in current year	$ 7,959	$ 2,714
Unallocated surplus plus tax	-	57
Prior year adjustments	7,524	2,952
Repatriation of foreign exchange surplus	-	15,081
Deferred tax		
Occurred in current year	(17,392)	(105,973)
Income tax benefit recognized in profit or loss	($ 1,909)	($ 85,169)

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

	2021	2020
Net income (loss) before tax	$ 194,013	($ 291,802)
Income tax expense (benefit) calculated at statutory tax rate on net income (loss) before tax	$ 14,337	($ 59,767)
Nondeductible expenses in determining taxable income	21,271	169
Nonaccrual income in determining taxable income	(1,452)	(24,649)
Unallocated surplus plus tax	-	57
Unrecognized deductible temporary differences	(43,589)	(19,012)
Repatriation of foreign exchange surplus	-	15,081
Adjustments for prior years	7,524	2,952
	($ 1,909)	($ 85,169)

(2) Income tax recognized in other comprehensive income

	2021	2020
Deferred tax		
Current year occurred		
Conversion of foreign operating institutions	$ 14,447	$ 18,305
Re-measurement of defined benefit plan	2,392	(5,678)
	$ 16,839	$ 12,627

(3) Current tax assets and liabilities

	December 31, 2021	December 31, 2020
Tax assets		
Tax refund receivable (included in other current assets)	$ 6,583	$ 4,710
Tax liabilities		
Income tax payable	$ 2,557	$ 5,814

(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 gross profit of sales	$ 52,100	($ 1,641)	$ -	$ 50,459
Leave payable	1,135	982	-	2,117
Allowance for loss of market price decline and obsolete and slow-moving inventories	22,217	1,753	-	23,970
Defined retirement benefit plans	304	-	-	304
Allowance for losses	9,100	372	-	9,472
Exchange differences of foreign operating institutions	95,338	-	14,447	109,785
Unrealized foreign exchange losses	34,529	5,641	-	40,170
Others	6,635	(6,635)	-	-
	221,358	472	14,447	236,277
Loss credit	62,049	23,880	-	85,929
	$ 283,407	$ 24,352	$ 14,447	$ 322,206
Deferred tax liabilities				
Temporary differences				
Property, plant and equipment	$ 33,919	($ 4,689)	$ -	$ 29,230
Defined retirement benefit plans	2,904	4,185	(2,392)	4,697
Others	-	7,464	-	7,464
	$ 36,823	$ 6,960	($ 2,392)	$ 41,391

2020

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Subsidiary liquidation and returned shares	Ending balance
Temporary differences					
Unrealized gross profit of sales	$ 54,295	($ 2,251)	$ -	$ 56	$ 52,100
Leave payable	2,700	(679)	-	(886)	1,135
Allowance for loss of market price decline and obsolete and slow-moving inventories	12,684	10,491	-	(958)	22,217
Defined retirement benefit plans	8,838	(2,545)	(5,678)	(311)	304
Allowance for losses	1,885	7,215	-	-	9,100
Exchange differences of foreign operating institutions	79,477	(383)	18,305	(2,061)	95,338
Unrealized foreign exchange losses	10,496	24,767	-	(734)	34,529
Others	1,549	5,905	-	(819)	6,635
	171,924	42,520	12,627	(5,713)	221,358
Loss credit	3,644	64,146	-	(5,741)	62,049
	$ 175,568	$ 106,666	$ 12,627	($ 11,454)	$ 283,407
Deferred tax liabilities					
Temporary differences					
Property, plant and equipment	$ 35,950	($ 2,031)	$ -	$ -	$ 33,919
Subsidiary unappropriated retained earnings	17,185	(180)	-	(17,005)	-
Defined retirement benefit plans	-	2,904	-	-	2,904
	$ 53,135	$ 693	$ -	($ 17,005)	$ 36,823

(5) Information about unused loss credit

Information about the Group's loss credit for the year ended December 31, 2021 is as follows:

Balance not yet deducted	Final credit year
$ 17,472	2027
673	2028
240,386	2030
171,113	2031
$ 429,644	

(6) Aggregate amount of temporary differences related to investments and not recognized as deferred income tax liabilities

As of December 31, 2021 and 2020, taxable temporary differences related to investments in subsidiaries and 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 and its subsidiaries, De Fa Company and Chadtex Company through 2019, have been assessed by the tax authorities.

31. 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)

	2021	2020
Net income (net loss) attributable to the Company's owners	$ 182,988	($ 207,286)

Shares

Unit: 1000 shares

	2021	2020
Weighted average number of outstanding shares	384,566	384,566
Weighted-average treasury stocks - shares of the parent company held by subsidiaries	-	(642)
Weighted average number of shares of common stock for basic earnings per share calculation	384,566	383,924
Effect of dilutive potential common stock:		
Employee remuneration	450	-
Weighted-average number of common shares for the purpose 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.

32. Subsidiary liquidation and returned shares

On June 19, 2020, the Group's board of directors approved the sale of Lucky Unique Enterprise Co., Ltd. to an un related party and completed the transfer of ownership on July 8, 2020. As a result, the Company lost control over Lucky Unique Enterprise Co., Ltd. and its subsidiaries (Tung Ming Company, De Kao Company, De

Sin Company and Jie Sen Company), which are responsible for the manufacture and processing of various fiber textile products and import and export trading of the Group.

(1) Consideration received

	Lucky Unique Enterprise and its subsidiaries
Cash and cash equivalents	$ 195,227

(2) Analysis of assets and liabilities for loss of control

	Lucky Unique Enterprise and its subsidiaries
Current assets	
Cash and cash equivalents	$ 197,028
Financial assets at amortized cost-current	310,136
Accounts receivable	139,423
Other receivables	11,788
Inventory	54,878
Others	87,816
Non-current assets	
Property, plant and equipment	217,702
Intangible assets	539
Right-of-use assets	44,325
Deferred tax assets	11,454
Others	41,294
Current liabilities	
Short-term loans and short-term notes and bills payable	(472,644)
Accounts payable	(60,025)
Other payables	(49,135)
Tax liabilities	(2,496)
Lease liabilities-current	(12,528)
Others	(4,118)
Non-current liabilities	
Defined benefit plan liabilities-non-current	(4,563)
Lease liabilities-non-current	(32,165)
Others	(719)
Deferred tax liabilities	(17,005)
Net assets disposal	$ 460,985

(3) Subsidiary disposal income

	Lucky Unique Enterprise and its subsidiaries
Consideration received	$ 195,227
Net assets disposal	(460,985)
Non-controlling interests	189,185
Treasury stocks decrease	(12,681)
Capital surplus - treasury stocks increase	(7,459)
Fair value of residual equity	120,464
Gain on disposal	$ 23,751

(4) Net cash outflow of subsidiary disposal

	Lucky Unique Enterprise and its subsidiaries
Consideration received in cash and cash equivalents	$ 195,227
Less: Disposal of cash and cash equivalents	197,028
	($ 1,801)

33. Equity transaction with non-controlled equity

The share transfer of the Group was carried out successively in 2020. However, the share transfer was an organizational restructuring under the common control of the individual. The transaction did not change the control of the Group over the subsidiaries. Please refer to Notes 12(2), (3), (11), (12) and (13).

January 1 to December 31, 2020

	Best Alliance Limited	Tung Ming Company	Lucky Unique Enterprise	Chadtex Company
Cash consideration paid	$ -	$ -	$ -	$ 21,329
The carrying amount of the subsidiary's net assets should be transferred to noncontrolling interests based on the relative changes in equity	8,084	(1,150)	(21,244)	(22,004)
Equity transaction differences	$ 8,084	($ 1,150)	($ 21,244)	($ 675)
Equity transaction differences adjustment				
Capital surplus - difference between actual acquisition price and book value of equity in subsidiaries	($ 8,084)	$ 1,150	$ 21,244	$ 675

34. Non-cash transactions

The Group has the following non-cash transaction investment in 2021 and 2020:

(1) Acquisition of property, plant and equipment

	2021	2020
Affects cash and non-cash investment		
Additions of property, plant, and equipment	$ 329,261	$ 438,872
Increase in equipment payable and notes payable	(40,340)	(601)
Cash paid for property, plant and equipment	$ 288,921	$ 438,271

(2) Disposal of property, plant and equipment

	2021	2020
Affects cash and non-cash investment		
Disposal proceeds of property, plant and equipment	$ 92,164	$ 18,330
Decrease (increase) in other receivables (including related parties)	19,949	244,847
Cash received for property, plant and equipment	$ 112,113	$ 263,177

(3) Disposal of investment properties

	2021	2020
Affects cash and non-cash investment		
Proceeds from disposal of investment properties	$ -	$ -
Decrease in other receivables	7,452	43,030
Cash received from investment properties	$ 7,452	$ 43,030

(4) Disposal of the full equity cash receipts of Apex (Shanghai) Textile Co., Ltd., De Shen (Samoa) Holdings Co., Ltd. and New Gallant Limited.

	2021	2020
Beginning claim for proceeds balance	$ 102,011	$ 101,599
Ending claim for proceeds balance	(26,730)	(102,011)
Foreign exchange difference	(1,269)	412
Cash received	$ 74,012	$ -

35. Capital risk management

Due to the need to maintain adequate capital to support the upgrading of plant and equipment, the Group will be required to maintain adequate capital. Therefore, the capital management of the Group 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.

36. Financial instruments

(1) Fair value information - Financial instruments not measured at fair value

December 31, 2020

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost-non-current					
Chia Her Industrial Co., Ltd., private equity convertible corporate bond	$ 27,725	$ -	$ -	$ 30,576	$ 30,576

The above fair value for Level 3 is based on the binomial tree convertible bond valuation model, and the significant unobservable input value used is the stock price volatility.

(2) Fair Value Information - Financial instruments measured at fair value on a repetitive basis

1. Fair value levels

December 31, 2021

	Level 1	Level 2	Level 3	Total
financial assets at fair value through profit or loss				
Structured deposits	$ -	$ -	$130,413	$130,413
Domestic listed companies stocks	3,405	-	-	3,405
Fund beneficiary certificates	8,914	-	-	8,914
Total	$ 12,319	$ -	$130,413	$142,732
Financial assets at fair value through other comprehensive gains and losses-current				
Investments accounted for using equity method				
－Domestic listed (OTC) companies stocks	$109,867	$ -	$ -	$109,867

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	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive gains and losses-non-current				
Investments accounted for using equity method				
－Domestic listed companies private placement of shares	$ -	$ 106,209	$ -	$ 106,209
Financial liabilities at fair value through profit or loss				
Derivative instruments				
－Exchange rate swap contracts	$ -	$ 120	$ -	$ 120

December 31, 2020

	Level 1	Level 2	Level 3	Total
financial assets at fair value through profit or loss				
Domestic listed companies stocks	$ 2,856	$ -	$ -	$ 2,856
Derivative instruments－Conversion rights of private placement convertible bonds of listed companies	-	-	52,461	52,461
Fund beneficiary certificates	9,387	-	-	9,387
Total	$ 12,243	$ -	$ 52,461	$ 64,704
Financial assets at fair value through other comprehensive gains and losses-current				
Investments accounted for using equity method				
－Domestic listed companies stocks	$ 38,979	$ -	$ -	$ 38,979
Financial assets measured at fair value through other comprehensive gains and losses-non-current				
Investments accounted for using equity method				
－Domestic listed companies private placement of shares	$ -	$ 120,056	$ -	$ 120,056

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	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Derivative instruments — Exchange rate swap contracts	$ -	$ 20,927	$ -	$ 20,927

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

2. Reconciliation of financial instruments at Level 3 fair value

Financial assets at fair value through profit or loss

Financial assets	2021	2020
Beginning balance	$ 52,461	$ 43,599
Purchase	130,413	-
Recognized in profit or loss (accounted to other benefits and losses)	(37,049)	8,862
Transfer to Level 3	(15,412)	-
Ending balance	$ 130,413	$ 52,461

3. Level 2 fair value valuation techniques and inputs

Type of financial instruments	Valuation techniques and inputs
Derivative instruments-Exchange rate swap contracts	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.

4. Level 3 fair value measurement techniques and inputs

The fair value of the derivatives - conversion rights of private convertible bonds is estimated using a binary tree convertible bond valuation model, and the significant unobservable input is the stock price volatility. When the stock price volatility increases, the fair value of these derivatives will increase.

A structured deposit mandatorily measured at fair value through profit or loss is adopting the net asset value method to evaluate the fair value.

(3) Type of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
At fair value through profit or loss		
Mandatory measurement through profit or loss at fair value	$ 142,732	$ 64,704
financial assets at amortized cost (Note 1)	6,643,409	6,182,733
Financial assets - Equity instrument investment at fair value through other comprehensive income	216,076	159,035
Financial liabilities		
At fair value through profit or loss-Held for trading	120	20,927
At amortized cost (Note 2)	13,462,110	12,112,485

Note 1: Balances include cash and cash equivalents, 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.

(4) Financial risk management objectives and policies

The Group's major financial instruments include investments in equity and debt instruments, receivables, payables, lease liabilities and borrowings. The Group'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 Group'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 Group 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 Group'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 Group does not trade in financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The main financial risks to which the Group 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 Group 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 Group's exposure to market risk of financial instruments and its management and measurement of such exposure.

(1) Exchange rate risk

The Group engages in foreign currency-denominated sales and import transactions and foreign currency borrowings, which expose the Group to exchange rate risk. The carrying amounts of the Group'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 41.

Sensitivity analysis

The Group is primarily affected by fluctuations in the U.S. dollar exchange rate. The following Schedule details the sensitivity analysis of the Group 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	$ 27,519	$ 28,339

This was mainly due to the Group's cash and cash equivalents 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 Group's sensitivity to foreign exchange rates during the year was mainly due to the decrease in the Group's net assets denominated in U.S. dollars.

(2) Interest rate risk

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

The carrying amounts of the Group'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	$ 3,346,024	$ 2,614,228
Financial liabilities	2,929,496	3,126,480
Cash flow interest rate risk		
Financial assets	992,068	1,303,180
Financial liabilities	8,832,451	7,664,914

Sensitivity analysis

If interest rates had increased by 1%, the Group's income before income taxes would have decreased by $78,404,000 and $63,617,000 for fiscal years of 2021 and 2020, respectively, with all other variables held constant.

The increase in the Group's sensitivity to interest rates for the year was mainly due to the increase in variable interest rate deposits.

(3) Other price risk

The Group's equity price risk arising from its investment in domestic listed and unlisted securities is insignificant.

2. Credit risk

Credit risk refers to the risk of financial loss resulting from the counter-parties' default on contractual obligations. As of the balance sheet date, the Group's maximum exposure to credit risk due to non-performance of counter-parties' obligations mainly arises from the carrying amount of financial assets recognized in the Group's balance sheet.

The Group's counter-parties are all creditworthy organizations and are not expected to have significant credit risk.

3. Liquidity risk

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

The Group's working capital and the obtained banking facilities are sufficient to meet future operating requirements, and therefore there is no liquidity risk due to the inability to raise funds to meet 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 financial liabilities based on the earliest possible date that the Group could be required to repay. Accordingly, the Group's bank loans that may be required to be repaid immediately are listed in the Schedule below at the earliest possible date, without considering 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			
No interest-bearing liabilities	$ 1,707,727	$ 158	$ 5,825
Lease liabilities	6,363	2,776	4,639
Floating rate instrument	5,730,113	544,942	2,628,674
Fixed rate instrument	911,168	16,598	2,144,530
	$ 8,355,371	$ 564,474	$ 4,783,668

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 3 years
Lease liabilities	$ 9,139	$ 4,639

December 31, 2020

	Less than 6 months	6 months to 1 year	1 to 9 years
Non-derivative financial liabilities			
No interest-bearing liabilities	$ 1,361,911	$ -	$ 5,059
Lease liabilities	16,196	14,152	15,077
Floating rate instrument	6,308,288	258,674	1,218,609
Fixed rate instrument	904,889	194,140	2,091,584
	$ 8,591,284	$ 466,966	$ 3,330,329

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 3 years
Lease liabilities	$ 30,348	$ 15,077

The amount of floating rate instruments for the above non-derivative financial assets and liabilities will vary depending on the difference between the floating rate and the interest rate estimated at the balance sheet date.

(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 amount payable or receivable is not fixed, the amount disclosed is determined based on the projected interest rate derived from the yield rate curve at the balance sheet date.

December 31, 2021

	1 to 3 months	4 to 6 months	6 to 12 months	Total
Total settlement				
Exchange rate swap contracts				
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	6 to 12 months	Total
Total settlement				
Exchange rate swap contracts				
Flow-in	$ 116,872	$ 582,161	$ 2,848	$ 701,881
Flow-out	(120,805)	(599,156)	(2,847)	(722,808)
	($ 3,933)	($ 16,995)	$ 1	($ 20,927)

(5) Transfer of financial assets information

Unit: 1 dollar

Trading partners	Sales amount		Cash received		Limit		Note
2020							
Mega Bank	USD	29,452	USD	29,452	USD	300,000	The management fee is 0.75% to 0.8% of the invoice amount + $15

The above credit is recurring.

37. Related Party Transactions

All transactions, account balances, revenues and expenses between the Company and its subsidiaries (which are related parties of the Company) were eliminated upon consolidation and are therefore not disclosed in this note. In addition to those disclosed in other notes, the transactions between the Group and other related parties were as follows:

(1) Names of related parties and their relationships

Name of related party	Relationship with the Group
Perfect Step Ltd.	Affiliated company
Vietnam ATAGO Company	Affiliated company

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Name of related party	Relationship with the Group
Lucky Unique Enterprise	Affiliated company (Note 1)
E Textile Company	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)
Gain Faith Ltd.	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)
Tung Ming Company	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)
De Kao Company	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)
Full Vision Enterprise Co., Ltd.	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)
Yeh, Fu-lin	Key management
Yeh, Chia-ming	Key management
Yeh, Chia-how	Key management
Yeh, Wei-li	Key management
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)
Future Tycoon Enterprise Co., Ltd.	The special assistant to the Chairman of the Company is a director of the company (Note 2)
Fu-hwa Investment Co., Ltd.	The Chairman is the same person
DNE Energy Inc.	The Chairman is the same person
Doyo Enterprise Co., Ltd.	The Chairman of the Company is a director of the company
Sheng-Bo Technology Corp.	The Chairman of the Company is a director of the company
Fuson International Co., Ltd.	The Chairman of the Company is a director of the company
THRIVE POWER LIMITED	The Vice Chairman of the Company is a director of the company
Futures Co., Ltd.	The Vice Chairman of the Company is a director of the company (Note 3)
Chuan Yeh Investment Co., Ltd.	The Vice Chairman of the Company is a director of the company

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.

Note 3: A subsidiary of the Company since September 24, 2020.

(2) Operating income

Item	Type of related party	2021	2020
Sales of goods sold	The special assistant to the Chairman of the Company is a director of the company	$ 421,004	$ 376,206
	Affiliated company	592,662	286,537
	Subsidiary of affiliated company, Lucky Unique Enterprise	101,056	17,005
	Subsidiary of joint venture, Era Nouveau International Co., Ltd.	-	3,921
		$ 1,114,722	$ 683,669

The Group's sales prices to related parties are comparable to those of non-related parties, and the collection terms are one to three months at the end of each month, which are not materially different from those of non-related parties.

(3) Purchase

Type of related party	2021	2020
The special assistant to the Chairman of the Company is a director of the company (Note 2)	$ 428,588	$ 391,026
Affiliated company (Note 1)	162,825	93,355
Subsidiary of joint venture, Era Nouveau International Co., Ltd.	-	20,035
Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	15,091	6,718
	$ 606,504	$ 511,134

The Group has no comparable purchase price for related party products. The payment period of related party is approximately one month at the end of each month, which is not materially different from that of non-related party.

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

Item	Type of related party / Name	December 31, 2021	December 31, 2020
Notes receivable-related parties	Affiliated company (Note 1), Lucky Unique Enterprise	$ 36,122	$ 21,488
	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1), Tung Ming Company	16,176	2,533
	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	1,970	824
		$ 54,268	$ 24,845

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Item	Type of related party / Name	December 31, 2021	December 31, 2020
Accounts receivable-related parties	Affiliated company (Note 1), Lucky Unique Enterprise	$ 29,794	$ 86,011
	The special assistant to the Chairman of the Company is a director of the company (Note 2), Future Tycoon Enterprise Co., Ltd.	55,775	52,354
	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1), De Kao Company	21,478	-
	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	10,499	7,923
	Affiliated company	427	1,015
		$ 117,973	$ 147,303
Other receivables-related parties	Affiliated company, Perfect Step Ltd. (Note 34)	$ 26,730	$ 102,011
	Affiliated company	2,115	3,836
	The special assistant to the Chairman of the Company is a director of the company (Note 2), Future Tycoon Holdings Co., Ltd.	12,109	980
	Key management	6,769	-
	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	80	34
		$ 47,803	$ 106,861

No guarantees have been received for related party receivables outstanding. No allowance for losses has been provided for related party receivables in 2021 and 2020.

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

Item	Type of related party / Name	December 31, 2021	December 31, 2020
Notes payable-related parties	Affiliated company (Note 1), Lucky Unique Enterprise	$ 24,679	$ 22,197
	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1), Tung Ming Company	39,277	10,009
		$ 63,956	$ 32,206

（Continued）

（Continued from the previous page）

Item	Type of related party / Name	December 31, 2021	December 31, 2020
Accounts payable-related parties	The special assistant to the Chairman of the Company is a director of the company (Note 2), Future Tycoon Enterprise Co., Ltd.	$ 72,431	$ 60,961
	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1), Tung Ming Company	28,142	29,156
	Affiliated company (Note 1), Lucky Unique Enterprise	29,183	8,479
		$ 129,756	$ 98,596
Other payables-related parties	Key management	$ 10	$ 3,511
	Affiliated company (Note 1)	44	4,547
	Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	41	337
	The special assistant to the Chairman of the Company is a director of the company (Note 2)	305	305
		$ 400	$ 8,700

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 in 2020 for NT$4,439,000.

(7) Disposal of property, plant and equipment

Type of related party / Name	Disposal proceeds 2021	Disposal proceeds 2020	Disposal income (loss) 2021	Disposal income (loss) 2020
The Chairman of the Company is a director of the company (Note 2)／Future Tycoon Holdings Co., Ltd.	$ 20,035	$ 60	$ 14,122	$ 3
Affiliated company (Note 1), Lucky Unique Enterprise	-	2,160	-	1,671
	$ 20,035	$ 2,220	$ 14,122	$ 1,674

(8) Operating lease - for rent

Type of related party / Name	Rent objective	Leasing period
Affiliated company (Note 1), Lucky Unique Enterprise	Plant	January 2021 to December 2023
Affiliated company (Note 1), Lucky Unique Enterprise	Office	July 2020 to March 2023
Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	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 4)	October 2017 to October 2037
The Chairman of the Company is a director of the company	Plant roof (Note 4)	October 2017 to October 2037

Note 4: 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 of related party / Name	2021	2020
Affiliated company (Note 1), Lucky Unique Enterprise	$ 9,859	$ 10,257
Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	-	165
The Chairman is the same person	-	52
	$ 9,859	$ 10,474

Summary of leasing revenue is as below:

Type of related party / Name	2021	2020
Affiliated company (Note 1), Lucky Unique Enterprise	$ 7,921	$ 2,864
Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	60	480
The Chairman is the same person	136	404
The Chairman of the Company is a director of the company	370	390
	$ 8,487	$ 4,138

(9) Loans to related parties

Type of related party	December 31, 2021	December 31, 2020
Other receivables-related parties		
Affiliated company	$ -	$ 8,009

Type of related party	2021	2020
Interest income		
Affiliated company	$ 162	$ 35

The Group provides short-term loans to related parties as non-guaranteed loans with interest rate 2.5% as of December 31, 2020.

(10) Borrowings from related parties

Type of related party / Name	December 31, 2021	December 31, 2020
Other payables-related parties		
Key management		
Yeh, Fu-lin	$ 136,641	$ 141,263
Others	2,956	26,189
The Vice Chairman of the Company is a director of the company	13,241	7,353
	$ 152,838	$ 174,805

Type of related party / Name	2021	2020
Interest expense		
Key management		
Yeh, Fu-lin (1)	$ 6,917	$ 7,767
Others (2)	1,115	1,173
The Vice Chairman of the Company is a director of the company (3)	105	79
	$ 8,137	$ 9,019
Interest rate (1)	1.5%～4.5%	1.5%～4.5%
Interest rate (2)	4%～4.5%	1.5%
Interest rate (3)	1.4%～1.55%	1.4%～2.25%

The Group's borrowings from related parties bear interest rates comparable to market rates. All loans are unsecured loans.

(11) Other related party transactions

1. Processing Fees

The Group pays the related party's entrusted processing fee, which is recorded as operation cost according to its nature, none of similar products processing price can be compared, and the payment terms are monthly for 1 to 3 months.

Type of related party	2021	2020
The special assistant to the Chairman of the Company is a director of the company (Note 2), Future Tycoon Enterprise Co., Ltd.	$ 352,401	$ 236,234
Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1), Tung Ming Company	247,298	84,195
Affiliated company (Note 1), Lucky Unique Enterprise	107,797	2,678
	$ 707,496	$ 323,107

2. Manufacturing and operation expense

The Company's expenses for purchasing gifts from related parties and renting sample display rooms are as follows:

Type of related party	2021	2020
The Chairman of the Company is a director of the company	$ 261	$ 348
Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	1,880	1,108
Affiliated company (Note 1)	924	31
	$ 3,065	$ 1,487

3. Other income

The income from counseling services and commissions were as follows:

Type of related party	2021	2020
The special assistant to the Chairman of the Company is a director of the company (Note 2)	$ 4,465	$ 699
Affiliated company (Note 1), Lucky Unique Enterprise	13,282	2,995
Subsidiary of affiliated company, Lucky Unique Enterprise (Note 1)	127	
Subsidiary of joint venture, Era Nouveau International Co., Ltd.	-	2,348
	$ 17,874	$ 6,042

(12) Remuneration to key management personnel

The Group's total remuneration to directors and other key management personnel is as follows:

	2021	2020
Short-term employee benefits	$ 45,830	$ 49,614
Retirement benefits	718	705
	$ 46,548	$ 50,319

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.

38. Pledged Assets

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

	December 31, 2021	December 31, 2020
Land	$ 266,446	$ 266,446
Buildings	244,531	275,536
Machinery equipment	58,032	65,816
Right-of-use assets	256,951	267,437
Investment properties	60,820	65,071
Pledged bank deposits (recorded as financial assets at amortized cost-current) (Note)	3,419,464	2,803,808
	$ 4,306,244	$ 3,744,114

Note: The collaterals as fully guaranteed borrowings as of December 31, 2021 and 2020 were NT$3,294,310,000 and NT$2,687,940,000, respectively.

39. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those described in other Notes, the Group has the following significant commitments and contingencies on its balance sheet:

(1) As of December 31, 2021 and 2020, the Group has opened unused letters of credit for raw materials purchases of NT$8,932,000 and NT$120,717,000, respectively.

(2) The Group's unrecognized contractual commitments were as follows:

	December 31, 2021	December 31, 2020
Purchase of property, plant and equipment	$ 60,510	$ 46,661

(3) As of December 31, 2021 and 2020, the Group has provided guarantee notes of NT$450,000,000 and NT$348,000,000 for the purchase of raw materials and the provision of guarantees for borrowing lines from financial institutions, respectively.

40. Other Matters

The Group was affected by the global pandemic of COVID-19, 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$92,182,000 in subsidies (see Note 29). With the ease of the epidemic, the Company expects the operation will be gradually returning to normal functions.

41. 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 entity of the Group. Assets and liabilities denominated in foreign currencies that have a significant effect are as follows:

Unit: Foreign currency and NT$1,000

December 31, 2021

Foreign currency assets	Foreign currency	Foreign exchange rate	Carrying amount
Currency items			
USD	$ 240,965	27.68 (USD：NTD)	$ 6,669,918
USD	4,090	6.3674 (USD：CNY)	113,215
USD	16,089	22,780 (USD：VND)	445,346
Non-currency items			
Associates & joint ventures accounted for using equity method			
USD	9,324	27.68 (USD：NTD)	258,074
HKD	108,737	7.7994 (HKD：USD)	385,909
Foreign currency liabilities			
Currency items			
USD	74,387	27.68 (USD：NTD)	2,059,031
USD	9,974	6.3674 (USD：CNY)	276,097
USD	77,364	22,780 (USD：VND)	2,141,425

December 31, 2020

Foreign currency assets	Foreign currency	Foreign exchange rate	Carrying amount
Currency items			
USD	$ 207,488	28.48 (USD：NTD)	$ 5,909,257
USD	3,261	6.5249 (USD：CNY)	92,863
USD	16,067	23,100 (USD：VND)	457,589
Non-currency items			
Associates & joint ventures accounted for using equity method			
USD	9,030	28.48 (USD：NTD)	257,177
HKD	108,672	7.7539 (HKD：USD)	399,151

（Continued）

（Continued from the previous page）

Foreign currency assets Foreign currency liabilities	Foreign currency	Foreign exchange rate	Carrying amount
Currency items			
USD	57,932	28.48 （USD：NTD）	1,649,875
USD	11,619	6.5249 （USD：CNY）	330,920
USD	57,760	23,100 （USD：VND）	1,645,013

The Group is primarily exposed to foreign currency exchange rate risk for the U.S. dollar, CNY and Vietnamese Dong. The following information is presented as a summary of the functional currencies of the individual foreign currency holdings, and the exchange rates disclosed represent the rates at which those functional currencies were translated into the presentation currency. Foreign currency exchange gains and losses (realized and unrealized) with significant effect are as follows:

	2021		2020	
Functional currency	Functional currency to Presentation currency	Net FX income (loss)	Functional currency to Presentation currency	Net FX income (loss)
NTD	1 （NTD：NTD）	($ 127,481)	1 （NTD：NTD）	($ 226,572)
USD	28.009 （USD：NTD）	-	29.549 （USD：NTD）	61
CNY	4.3417 （CNY：NTD）	3,214	4.2827 （CNY：NTD）	(389)
VND	0.001221 （VND：NTD）	33,196	0.001271 （VND：NTD）	6,959
		($ 91,071)		($ 219,941)

42. Matters Disclosed in the Notes

(1) Information about major transactions:

1. Loan of funds to others: see Schedule 1.
2. Endorsement and guarantee for others: see Schedule 2.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): 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.
10. Others: Business relationships and significant transactions between the parent and subsidiaries and between subsidiaries: see Schedule 9.

(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 10.

43. Segment Information

(1) Segment revenue and operating results

The Group is in the textile industry. The financial information provided to the chief operating decision maker for the purpose of allocating resources and evaluating the performance of the divisions focuses on the Company and its subsidiaries, and is presented below by reportable segment:

	The Company	Hangzhou De Licacy Group (Note 1)	Vietnam De Licacy Group (Note 2)	Other	Adjustments and eliminations	Adjusted amount
2021						
Revenue from customers other than the Company and consolidated subsidiaries	$ 3,561,364	$ 2,364,600	$ 2,446,085	$ 2,103,636	$ -	$ 10,475,685
Revenue from the Company and subsidiaries	308,248	70,502	562,398	1,980,413	(2,921,561)	-
Total income	$ 3,869,612	$ 2,435,102	$ 3,008,483	$ 4,084,049	($ 2,921,561)	$ 10,475,685
Segment income (loss)	($ 51,711)	$ 171,055	$ 140,526	$ 48,950	$ 62,245	$ 371,065
Interest income						21,432
Other income						173,970
Other benefits and losses						(204,258)
Financial costs						(152,354)
Share of losses of affiliated companies and joint ventures recognized under the equity method						(15,842)
Net segment income before tax						$ 194,013
2020						
Revenue from customers other than the Company and consolidated subsidiaries	$ 2,769,524	$ 1,918,680	$ 2,123,927	$ 1,782,528	$ -	$ 8,594,659
Revenue from the Company and subsidiaries	236,116	30,370	436,557	1,575,693	(2,278,736)	-
Total income	$ 3,005,640	$ 1,949,050	$ 2,560,484	$ 3,358,221	($ 2,278,736)	$ 8,594,659
Segment income (loss)	($ 236,705)	$ 108,188	$ 129,261	($ 3,781)	$ 6,192	$ 3,155
Interest income						42,886
Other income						204,648
Other benefits and losses						(281,461)
Financial costs						(177,717)
Share of losses of affiliated companies and joint ventures recognized under the equity method						(83,313)
Net segment loss before tax						($ 291,802)

Note 1: Hangzhou De Licacy Group includes companies: Best Alliance International Limited, Eden Road International Ltd., Eden Road International Ltd. (H.K.), Hangzhou De Licacy Textile Co., Ltd., De Fa Company, Hao Wang Company, Chang Xin Lucky Unique Enterprise Company, Thousand Well International Limited, Thousand Well (Samoa) International Limited, Fastpower Limited and Fastpower (Samoa) Limited.

Note 2: Vietnam De Licacy Group includes companies: De Licacy Holdings company, De Shen (Cayman) Holdings Co., Ltd., Vietnam De Licacy Company and New Lake Ltd.

Segment profit or loss represents the profit earned by each segment, excluding non-operating income and expense and income tax expense. This measure is provided to the chief operating decision maker for the purpose of allocating resources to the segments and evaluating their performance.

The Group's chief operating decision maker makes decisions based on the operating results of each segment and does not have information on segment assets and liabilities to evaluate the performance of different business activities, therefore, only the operating results of reportable segments are presented.

(2) Location information

The Group operates mainly in three regions: Taiwan, China and Vietnam.

The information on continuing business unit income from external customers of the Group by operation and non-current assets locations are as below:

	Income from external customers		Non-current assets	
	2021	2020	December 31, 2021	December 31, 2020
Taiwan	$ 3,757,268	$ 3,114,738	$ 671,655	$ 756,201
China	4,266,483	3,355,370	2,258,612	2,302,791
Vietnam	2,451,934	2,124,551	3,185,512	3,370,956
	$10,475,685	$ 8,594,659	$ 6,115,779	$ 6,429,948

Non-current assets exclude classified as financial assets, refundable deposits, investments accounted for using equity method, net defined benefit assets and deferred income tax assets.

(3) Major customers' information

The Group has no sales income from major customers which accounts for more than 10% of the net sales income in the consolidated Income Statement.

De Licacy Industrial Co., Ltd. and Subsidiaries

Loan of Funds to Others

For the Year Ended December 31, 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 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) Company	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 Enterprise	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 Company	Vietnam De Licacy Enterprise	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 Company	Apex Textile Company	Other receivables	Y	77,044	-	-	1.8	Short-term financing	-	Operating revolving fund	-	None	-	1,148,609	1,531,479
	De Licacy Samoa Company	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 Limited	De Fa Company	Other receivables	Y	2,853	-	-	-	Business transactions	3,886	—	-	None	-	85,886	113,220
	Hong Kong Eden Road Limited	De Fa Company	Other receivables	Y	19,975	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	82,000	109,334
	Hong Kong Eden Road Limited	Best Alliance 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) Company	Vietnam De Licacy Enterprise	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) Company	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 Limited	Apex Textile Company	Temporary payments	Y	109,425	-	-	5.1	Short-term financing	-	Operating revolving fund	-	None	-	514,150	685,534
	Hangzhou De Licacy Limited	Apex Textile Company	Temporary payments	Y	153,195	-	-	4.15	Short-term financing	-	Operating revolving fund	-	None	-	514,150	685,534
	Hangzhou De Licacy Limited	Apex Textile Company	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 Limited	Apex (Anqing) Company	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 Company	Apex (Anqing) Company	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) Company	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 Limited	Hangzhou De Licacy Limited	Temporary payments	Y	68,484	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	790,417	1,053,890
	Best Alliance Limited	Hong Kong Eden Road Limited	Temporary payments	Y	68,484	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	790,417	1,053,890
	Best Alliance 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 Enterprise	Other receivables	Y	292,713	290,640	290,640	2.5	Short-term financing	-	Operating revolving fund	-	None	-	387,439	387,439
11	Chadtex Company	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 from 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 Company.
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 Ended December 31, 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	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
		Company name	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 Company	Subsidiary（Direct shareholdings 100%）	2,327,218	278,470	185,360	-	-	4	6,981,655	Y	N	N
	The Company	Chadtex Company	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 Limited	Subsidiary（Indirect shareholdings 100%）	2,327,218	456,560	-	-	-	-	6,981,655	Y	N	N
	The Company	Vietnam De Licacy Enterprise	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) Company	Subsidiary（Indirect shareholdings 100%）	2,327,218	884,585	858,080	761,200	-	18	6,981,655	Y	N	N
	The Company	Apex Textile Company	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 Limited	Subsidiary（Indirect shareholdings 100%）	2,327,218	452,060	293,320	48,440	-	6	6,981,655	Y	N	Y
	The Company	Apex (Anqing) Company	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 Limited	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				Note
				Unit/Share	Carrying amount	Percentage (%)	Fair value	
	Stocks							
The Company	Chia Her Industrial Co., Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses-non-current	2,266,091	$ 28,689	2.019	$ 28,689	
The Company	NANTEX INDUSTRY CO., LTD.	None	Financial assets at fair value through other comprehensive gains and losses-current	30,000	2,556	0.006	2,556	
De Fa Company	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 Company	Chia Her Industrial Co., Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses-non-current	6,123,232	77,520	5.46	77,520	
Chadtex Company	TSRC Corporation	None	Financial assets at fair value through other comprehensive gains and losses-current	200,000	8,080	0.024	8,080	
Chadtex Company	Far Eastern International Bank	None	Financial assets at fair value through other comprehensive gains and losses-current	3,661,116	39,357	0.104	39,357	
Chadtex Company	CHING FENG HOME FASHIONS CO., LTD.	None	Financial assets at fair value through other comprehensive gains and losses-current	300,000	5,955	0.177	5,955	
Chadtex Company	Cheng Loong Corp.	None	Financial assets at fair value through other comprehensive gains and losses-current	300,000	10,590	0.027	10,590	
Chadtex Company	CHINA MOTOR CORPORATION	None	Financial assets at fair value through other comprehensive gains and losses-current	300,000	19,020	0.054	19,020	
Chadtex Company	NANTEX INDUSTRY CO., LTD.	None	Financial assets at fair value through other comprehensive gains and losses-current	200,000	17,040	0.041	17,040	
Chadtex Company	LANNER ELECTRONICS INC.	None	Financial assets at fair value through other comprehensive gains and losses-current	100,000	5,570	0.086	5,570	
Chadtex Company	Chia Her Industrial Co., Ltd.	None	Financial assets 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 Ended December 31, 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)		Note
			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	Affiliated company	(Sales)	(588,951)	15	Open account 60 days	〃	General open account 30-60 days	64,279	9	
Hong Kong Eden Road Limited	Thousand Well (Samoa) Limited	Affiliated company	Purchase	504,110	55	Open account 90 days	〃	No general suppliers available for comparison	(80,055)	78	
Hangzhou De Licacy Limited	Thousand Well (Samoa) Limited	Affiliated company	(Sales)	(504,110)	24	Open account 90 days	〃	General open account 30-90 days	80,055	17	
Apex Textile Company	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 Enterprise	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 Enterprise	Affiliated company	Purchase	1,068,570	37	Open account 120 days	〃	General open account 30 days	(320,807)	81	
Apex Textile Company	Apex (Anqing) Company	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 Enterprise	Subsidiary	$ 162,781	(Note 1)	$ -	—	$ -	$ -
Lucky Apex Ventures Limited	Apex (Anqing) Company	Subsidiary	119,239	(Note 2)	-	—	-	-
De Shen (Cayman) Company	Vietnam De Licacy Enterprise	Subsidiary	490,584	(Note 3)	-	—	-	-
De Shen (Cayman) Company	Total Express Ltd.	Affiliated company	125,248	(Note 2)	-	—	-	-
New Lake Ltd.	Vietnam De Licacy Enterprise	Affiliated company	844,441	2.39 (Note 4)	-	—	122,765	-
Vietnam De Licacy Enterprise	New Lake Ltd.	Affiliated company	320,807	3.52	-	—	156,935	-
Hangzhou De Licacy Limited	Apex Textile Company	Affiliated company	191,027	0.49 (Note 5)	-	—	-	-
Hangzhou De Licacy Limited	Apex (Anqing) Company	Affiliated company	136,246	4.07 (Note 6)	-	—	4,741	-
De Licacy Samoa Company	Vietnam De Licacy Enterprise	Affiliated company	176,852	(Note 2)	-	—	-	-
Apex (Anqing) Company	Apex Textile Company	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 Ended December 31, 2021

Schedule 6

(In Thousands of New Taiwan Dollars)

(Except in USD)

Name of investment company	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)	Note
				End of the current period	End of the last period	Shares	Percentage (%)	Carrying amount			
The Company	De Licacy Samoa Company	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	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 Company	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 Company	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	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 disposal 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 Company	Eden Road Limited	British Virgin Islands	General import and export trade	16,710	-	639,000	100	12,673	(5,487)		
De Licacy Samoa Company	Best Alliance 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 Company	Vantage Gain Limited	Samoa	General investment	USD 7,782,862	USD 6,501,742	7,782,862	73.33	182,333	(4,418)		
De Licacy Samoa Company	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 Company	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 Company	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 Company	Beauty Plus 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 Limited	Eden Road Limited	British Virgin Islands	General import and export trade	-	1,700	-	-	-	(5,320)		
Best Alliance 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 Limited	Hong Kong Eden Road Limited	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	De Shen (Cayman) Company	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) Company	Vietnam De Licacy Enterprise	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 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 Limited	Sung Yu Company	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 Ended December 31, 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		Investment Information in Mainland China	Investment Information in Mainland China	Investment Information in Mainland China	Investment Information in Mainland China	Investment Information in Mainland China	Investment Information in Mainland China
					Outflow	Inflow						
Hangzhou De Licacy Limited	Production and sales of long and short fiber fabric processing and finishing	$ 1,162,560 (USD 42,000,000)	3. Best Alliance 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 Company	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) Company	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 Limited	Production and sales of long and short fiber fabric processing and finishing	138,400 (USD 5,000,000)	3. Best Alliance Limited	-	138,400 (USD 5,000,000)	-	138,400 (USD 5,000,000)	-	100	-	138,486	-

Company 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 Limited	$ 1,287,012 (USD 18,289,091 and $ 780,770)	$ 1,287,012 (USD 18,289,091 and $ 780,770)	(Note 2)
Apex Textile Company	$ 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) Company	$ 287,872 (USD 10,400,000)	$ 442,880 (USD 16,000,000)	(Note 2)
Nantong De Licacy Limited	$ 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 Ended December 31, 2021

Schedule 8

(In Thousands of New Taiwan Dollars)

Company	Trading partners	Relationship with transaction partner	Transaction type	Amount	Balance			Notes and accounts receivable (payable)		Unrealized income (loss)
					Price	Payment erm	Comparison with general transactions	Balance	Percentage (%)	
De Fa Company	Hangzhou De Licacy Limited	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 Limited	Hangzhou De Licacy Limited	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 Limited	Hangzhou De Licacy Limited	Affiliated company	Purchase	39,786	Trade at general price	Open account 90 days	No general customers to compare	(14,970)	15	-
Thousand Well (Samoa) Limited	Hangzhou De Licacy Limited	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 Limited	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 Company	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 Limited	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. and Subsidiaries

Business Relationships between Parent-Subsidiaries and Subsidiaries and Significant Transactions and Amount

For the Year Ended December 31, 2021

Schedule 9

(In Thousands of New Taiwan Dollars)

No.	Company	Transaction partner	Relationship with transaction partner (Note 1)	Transactions			
				Account title	Amount	Trading term	% of total consolidated revenue or total assets (%)
0	The Company	Chadtex Company	(1)	Operating income	$ 74,966	Trade at general price, open account 60 days.	1
				Operating costs (manufacturing expense)	24,120		-
				Other payables-related parties	37,775		-
				Accounts receivable-related parties	7,321		-
		New Lake Ltd.	(1)	Operating income	233,281	Trade at general price, open account 30-60 days.	2
				Operating costs	500,344	Trade at general price, open account 30-90 days.	5
				Accounts receivable-related parties	19,078		-
				Accounts payable-related parties	93,272		-
				Other receivables-related parties	16,500		-
		Vietnam De Licacy Enterprise	(1)	Other receivables-related parties	162,781		1
				Interest income	6,606		-
1	Hangzhou De Licacy Limited	Thousand Well (Samoa) Limited	(3)	Operating income	504,110	Trade at general price, open account 90 days.	5
				Accounts receivable-related parties	80,055		-
				Advance sales receipts	51,204		-
		Fastpower (Samoa) Limited	(3)	Operating income	30,879	Trade at general price, open account 90 days.	-
				Accounts receivable	6,711		-
		De Fa Company	(3)	Operating costs	28,696	Trade at general price, open account 120 days.	-
				Accounts payable-related parties	6,581		-
		Apex Textile Company	(3)	Other receivables-related parties	191,027		1
		Hong Kong Eden Road Limited	(3)	Operating income	39,786	Trade at general price, open account 90 days.	-
				Accounts receivable-related parties	14,970		-
				Operating costs	21,712	Trade at general price, open account 120 days.	-
				Accounts payable-related parties	8,147		-
		Apex (Anqing) Company	(3)	Accounts receivable-related parties	5,833		-
				Other receivables-related parties	130,413		-
				Operating income	27,934	Trade at general price, open account 30-90 days.	-
		New Lake Ltd.	(3)	Operating costs	15,062	Trade at general price, open account 75 days.	-
				Accounts payable-related parties	13,032		-
2	Thousand Well (Samoa) Limited	Hong Kong Eden Road Limited	(3)	Operating income	504,110	Trade at general price, open account 90 days.	4
				Accounts receivable-related parties	80,055		-
				Temporary receipts	51,204		-
3	Fastpower (Samoa) Limited	Hong Kong Eden Road Limited	(3)	Operating income	30,879	Trade at general price, open account 90 days.	-
				Accounts receivable-related parties	6,711		-
4	Hong Kong Eden Road Limited	New Lake Ltd.	(3)	Accounts receivable-related parties	15,697		-
				Operating income	41,500	Trade at general price, open account 90 days.	-

（Continued）

（Continued from the previous page）

No.	Company	Transaction partner	Relationship with transaction partner (Note 1)	Transactions			
				Account title	Amount	Trading term	% of total consolidated revenue or total assets (%)
5	Lucky Apex Ventures Limited	Apex (Anqing) Company	(3)	Other receivables-related parties	$ 119,239		1
6	Apex Textile Company	Total Express Ltd.	(3)	Operating income	1,320,868	Trade at general price, open account 90 days.	13
				Temporary receipts	7,795		-
				Other payables-related parties	49,728		-
		Apex (Anqing) Company	(3)	Operating income	58,422	Trade at general price, open account 90 days.	1
				Operating costs	560,793	Trade at general price, open account 90 days.	5
				Accounts payable-related parties	226,206		1
				Other receivables-related parties	61,295		-
				Prepayment for purchases	170,367		1
7	De Shen (Cayman) Company	Vietnam De Licacy Enterprise	(3)	Other receivables-related parties	490,584		3
				Interest income	7,822		-
		Total Express Ltd.	(3)	Other receivables-related parties	125,248		1
		New Lake Ltd.	(3)	Other receivables-related parties	5,447		-
8	Vietnam De Licacy Enterprise	New Lake Ltd.	(3)	Operating income	1,068,570	Trade at general price, open account 120 days.	10
				Operating costs	1,272,797	Trade at general price, open account 90 days.	12
				Purchase of property, plant and equipment	10,444		-
				Accounts receivable-related parties	320,807		2
				Accounts payable-related parties	543,008		3
				Other payables-related parties	301,433		2
				Interest expenses	11,553		-
		De Hong (Vietnam) Company	(3)	Operating costs	22,413	Trade at general price, open account 30 days.	-
		De Licacy Samoa Company	(3)	Other payables-related parties	176,852		1
		Hong Kong Eden Road Limited	(3)	Operating income	16,803	Trade at general price, open account 90 days.	-
9	De Hong Company	De Hong (Vietnam) Company	(3)	Other receivables-related parties	6,467		-
			(3)	Operating income	6,798	Trade at general price, open account 90 days.	-
10	New Lake Ltd.	De Fa Company	(3)	Operating expenses	8,763		-
11	Best Alliance Limited	Apex (Anqing) Company	(3)	Other receivables-related parties	66,432		-

Note 1: The three types of transaction partners' relationship are as follows:

(1) Parent company to subsidiary. (2) Subsidiary to parent company. (3) Subsidiary to subsidiary.

Note 2: Written off at the time of the preparation of the consolidated financial statements.

De Licacy Industrial Co., Ltd.

Major Shareholders' Information

December 31, 2021

Schedule 10

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, 2021 and 2020

Schedule 11

(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	$ 405,335	$ 68,419	$ 2,238,341	$ 6,142,772	$ 73,222	$ 1,743,008	$ 293,770	$ 10,964,867
Additions	4,022	-	2,795	136,246	2,429	79,674	213,706	438,872
Disposal	-	-	-	(50,858)	(9,233)	(23,938)	-	(84,029)
Reclassification	-	-	39,454	175,774	92	33,879	(113,432)	135,767
Acquired in a business combination	-	-	-	-	-	375	-	375
Subsidiary liquidation and returned shares	(115,382)	(1,706)	(105,307)	(460,696)	(10,011)	(206,696)	-	(899,798)
Net foreign exchange difference	-	(2,571)	(33,422)	(80,012)	(826)	5,478	3,938	(107,415)
Balance at 31 December 2020	$ 293,975	$ 64,142	$ 2,141,861	$ 5,863,226	$ 55,673	$ 1,631,780	$ 397,982	$ 10,448,639
Accumulated depreciation and impairment								
Balance at 1 January 2020	$ -	$ 16,616	$ 910,353	$ 2,663,615	$ 40,329	$ 1,054,118	$ -	$ 4,685,031
Depreciation	-	5,909	53,179	361,131	5,566	130,978	-	556,763
Disposal	-	-	-	(32,476)	(8,266)	(15,574)	-	(56,316)
Acquired in a business combination	-	-	-	-	-	19	-	19
Subsidiary liquidation and returned shares	-	(1,659)	(69,810)	(429,660)	(7,617)	(171,634)	-	(680,380)
Net foreign exchange difference	-	(447)	2,849	3,734	(97)	15,327	-	21,366
Balance at 31 December 2020	$ -	$ 20,419	$ 896,571	$ 2,566,344	$ 29,915	$ 1,013,234	$ -	$ 4,526,483
Net at 31 December 2020	$ 293,975	$ 43,723	$ 1,245,290	$ 3,296,882	$ 25,758	$ 618,546	$ 397,982	$ 5,922,156
Costs								
Balance at 1 January 2021	$ 293,975	$ 64,142	$ 2,141,861	$ 5,863,226	$ 55,673	$ 1,631,780	$ 397,982	$ 10,448,639
Additions	-	-	23,384	182,249	1,356	34,737	87,535	329,261
Disposal	-	-	(441)	(206,127)	(3,948)	(62,456)	(3,484)	(276,456)
Reclassification	-	-	350,372	76,892	-	9,941	(422,477)	14,728
Net foreign exchange difference	-	(771)	(13,945)	(52,790)	(397)	(6,532)	(2,484)	(76,919)
Balance at 31 December 2021	$ 293,975	$ 63,371	$ 2,501,231	$ 5,863,450	$ 52,684	$ 1,607,470	$ 57,072	$ 10,439,253
Accumulated depreciation and impairment								
Balance at 1 January 2021	$ -	$ 20,419	$ 896,571	$ 2,566,344	$ 29,915	$ 1,013,234	$ -	$ 4,526,483
Depreciation	-	5,690	60,675	391,729	4,616	134,622	-	597,332
Disposal	-	-	(441)	(169,591)	(3,546)	(57,942)	-	(231,520)
Net foreign exchange difference	-	(188)	(2,173)	(8,911)	(130)	(3,254)	-	(14,656)
Balance at 31 December 2021	$ -	$ 25,921	$ 954,632	$ 2,779,571	$ 30,855	$ 1,086,660	$ -	$ 4,877,639
Net at 31 December 2021	$ 293,975	$ 37,450	$ 1,546,599	$ 3,083,879	$ 21,829	$ 520,810	$ 57,072	$ 5,561,614

6. The impact on the financial position of the Company and its affiliates in the event of financial difficulties in the most recent year and as of the printing date of the annual report: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Financial Status:

Comparative analysis of consolidated financial status (IFRS applicable)

Unit: NT$1000

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	10,170,682	11,745,903	1,575,221	15.49
Property, Plant and Equipment	5,922,156	5,561,614	(360,542)	(6.09)
Investment real estate	65,071	60,820	(4,251)	(6.53)
Intangible assets	28,419	26,636	(1,783)	(6.27)
Equity-method investments	793,054	816,317	23,263	2.93
Right-of-use assets	370,567	352,024	(18,543)	(5.00)
Other assets	497,481	568,595	71,114	14.29
Total assets	17,847,430	19,131,909	1,284,479	7.20
Current liabilities	9,108,544	8,960,845	(147,699)	(1.62)
Non-current liabilities	3,284,103	4,772,141	1,488,038	45.31
Total liabilities	12,392,647	13,732,986	1,340,339	10.82
Capital stock	3,845,657	3,845,657	--	--
Capital surplus	791,558	676,850	(114,708)	(14.49)
Retained earnings	523,605	696,207	172,602	32.96
Other interests	(456,503)	(564,277)	(107,774)	23.61
Non-controlling interests	750,466	744,486	(5,980)	(0.80)
Total shareholders' equity	5,454,783	5,398,923	(55,860)	(1.02)

The changes in assets, liabilities and shareholders' equity of 20% or more for the years 2021 and 2020 are described below:

1. Increase in current assets: The increase in financial assets measured at amortized cost due to the increase in borrowings pledged against fixed deposits and the increase in inventories due to higher stocking demand as a result of increased orders for business growth.
2. The increase in non-current liabilities was mainly due to the increase in long-term borrowings as a result of the new joint loan contract signed by the appointed company during the year.
3. Retained earnings：Mainly due to the growth in performance this year and the increase in net profit after tax.
4. Other equity：Mainly due to exchange losses recognized in the financial statements of foreign operating institutions due to exchange rate fluctuations.

Comparative analysis of individual financial status (IFRS applicable)

Unit: NT$1000

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	5,564,991	5,882,755	317,764	5.71
Equity-method investments	6,847,702	7,159,166	311,464	4.55
Property, Plant and Equipment	904,882	830,479	(74,403)	(8.22)
Intangible assets	--	--	--	--
Other assets	372,165	349,958	(22,207)	(5.97)
Total assets	13,689,740	14,222,358	532,618	3.89
Current liabilities	6,129,952	5,678,541	(451,411)	(7.36)
Non-current liabilities	2,855,471	3,889,380	1,033,909	36.21
Total liabilities	8,985,423	9,567,921	582,498	6.48
Capital stock	3,845,657	3,845,657	--	--
Capital surplus	791,558	676,850	(114,708)	(14.49)
Retained earnings	523,605	696,207	172,602	32.96
Other interests	(456,503)	(564,277)	(107,774)	23.61
Total shareholders' equity	4,704,317	4,654,437	(49,880)	(1.06)

Analysis of changes in the percentage of increase or decrease:

1. The increase in current assets was mainly due to the increase in accounts receivable and inventory as a result of the growth in results, and the increase in pledged deposits as a result of the increase in borrowings.
2. The decrease in property, plant and equipment was mainly due to the non-acquisition of production equipment and the continued depreciation of property, plant and equipment in the accounts.
3. The increase in non-current liabilities was mainly due to the increase in long-term borrowings and a slight decrease in the demand for short-term borrowings as a result of the new syndicated loan contract signed by the appointed company during the year.
4. Retained earnings：Mainly due to the growth in performance this year and the increase in net profit after tax.
5. Other equity：Mainly due to exchange losses recognized in the financial statements of foreign operating institutions due to exchange rate fluctuations.

2. Financial Performance:

(1) Comparative analysis of consolidated financial performance (IFRS applicable)

Unit: NT$1,000,
Earnings per share (NT$)

Item \ Year	2020	2021	Increase (decrease) Amount	Changes ratio(%)
Operating revenue	8,594,659	10,475,685	1,881,026	21.89
Operating costs	7,350,952	8,871,900	1,520,948	20.69
Gross profit	1,243,707	1,603,785	360,078	28.95
(Un-) realized gain on sales	(26)	26	52	(200.00)
Gross realized operating income	1,243,681	1,603,811	360,130	28.96
Operating expenses	1,231,143	1,279,974	48,831	3.97
Net other income and expenses (notes 29 and 37)	(9,383)	47,228	56,611	(603.34)
Operating income (loss)	3,155	371,065	367,910	11661.17
Non-operating income and expenses	(294,957)	(177,052)	117,905	(39.97)
Net income (loss) before income tax	(291,802)	194,013	485,815	(166.49)
Net income (loss) of continuing business units	(291,802)	194,013	485,815	(166.49)
Total income tax expense (income)	(85,169)	(1,909)	83,260	(97.76)
Net income (loss)	(206,633)	195,922	402,555	(194.82)
Other comprehensive income (Income after tax)	(17,771)	(140,934)	(123,163)	693.06
Total comprehensive income	(224,404)	54,988	279,392	(124.50)
Net income attributable to shareholders of the parent company	(207,286)	182,988	390,274	(188.28)
Net income (loss) attributable to noncontrolling interests	653	12,934	12,281	1880.70
Total comprehensive income attributable to stockholders of the parent	(241,385)	64,828	306,213	(126.86)
Total comprehensive income attributable to non-controlling interests	16,981	(9,840)	(26,821)	(157.95)
Earnings (net loss) per share	(0.54)	0.48	1.02	(188.89)

Analysis of changes in the percentage of increase or decrease:

1. The increase in operating income and costs was due to an increase in orders and shipments during the quarter as a result of the easing of the COVID-19 epidemic, which also led to an increase in costs.
2. Increase in other gains and losses: The loss was mainly due to the replacement of more old equipment by Hangzhou DE LICACY in the previous year, while the profit in the current year was due to the sale of a non-affiliated weaver and the sale of machinery and equipment to a related party, anue.
3. The decrease in net non-operating expenses: (1) The decline in the U.S. dollar exchange rate (29.98→28.48) and the excess of U.S. dollar assets over U.S. dollar liabilities in the previous year. (2) The decline in the US dollar exchange rate during the year has slowed down (28.48→27.68), resulting in a decrease in the exchange loss for the year NT$128,870 thousand as compared with that of last year.
4. The decrease in income tax benefit was mainly due to the higher amount of deferred income tax assets provided against the loss carry forwards as a result of the significant loss in the previous year.
5. Increase in other comprehensive loss: Mainly due to the decrease in the fair value of Chiawa's private placement stock and the recognition of unrealized losses on financial instruments measured at fair value through other comprehensive income; and the recognition of actuarial losses on defined benefit plans based on actuarial reports.

(2) Comparative analysis of individual operating results (IFRS applicable)

Unit: NT$1,000,
Earnings per share (NT$)

Item \ Year	2020	2021	Increase (decrease) Amount	Changes ratio(%)
Operating revenue	3,005,640	3,869,612	863,972	28.75
Operating costs	2,807,286	3,498,333	691,047	24.62
Gross profit	198,354	371,279	172,925	87.18
Unrealized losses with subsidiaries and affiliates	6,405	6,364	(41)	(0.64)
Realized losses with subsidiaries and affiliates	(3,815)	(6,405)	(2,590)	67.89
Realized operating margin	200,944	371,238	170,294	84.75
Operating expenses	437655	467,317	29,662	6.78
Net other income and expenses (Notes 26 and 33)	6	44,368	44,362	739,366.67
Operating net profit	(236,705)	(51,711)	184,994	(78.15)
Non-operating income and expenses	(61,479)	218,516	279,995	(455.43)
Net income before income tax	(298,184)	166,805	464,989	(155.94)
Net income (loss) of continuing business units	(298,184)	166,805	464,989	(155.94)
Loss of suspended business unit	--	--	--	--
Total income tax expense	(90,898)	(16,183)	74,715	(82.20)
Net income	(207,286)	182,988	390,274	(188.28)
Other comprehensive income (Income after tax)	(34,099)	(118,160)	(84,061)	246.52
Total comprehensive income	(241,385)	64,828	306,213	(126.86)

Analysis of changes in the percentage of increase or decrease:

1. The increase in operating income, cost and gross profit, and the increase in gross profit margin: This is mainly due to the decrease in orders due to the strong impact of COVID-19 last year, and the recovery in orders this year. The increase in gross profit margin was mainly due to the significant increase in sales volume of blended fabrics and lower average unit cost due to lower import prices of blended fabrics.
2. The increase in other gains and losses was mainly due to the higher profit from the sale of looms to unrelated parties in the current year, but not in the previous year.
3. Increase in non-operating income and expenses: Mainly due to the increase in profits from overseas subsidiaries benefiting from the slowdown of the epidemic during the year. This was due to a relative increase in investment income and a decrease in net exchange loss due to the slower appreciation of the Taiwan dollar in the current year compared to last year.
4. The decrease in income tax benefit was mainly due to the higher amount of deferred income tax assets provided against the loss carry forwards as a result of the significant loss in the previous year.
5. Increase in other comprehensive income and loss was mainly due to the decrease in the fair value of Jiahe's private placement stock and the recognition of unrealized losses on financial instruments measured at fair value through other comprehensive income and loss; and the recognition of actuarial losses on defined benefit plans based on actuarial reports.

(3) Analysis of Changes in Operating Profit

Unit: NT$1000

Item	The number of changes in the previous and subsequent periods	Reasons of the Difference			
		Difference in the Selling Price	Difference in the Cost Price	Sales Combination Differences	Difference in the Amount
Gross profit	$ 360,078	$ (302,965)	$ 609,831	$ 11,948	$ 41,265
Explanation	1.The price difference is due to the depreciation of the U.S. dollar, which resulted in a decrease in the unit sales price in Taiwan dollars. 2.The difference in cost price is due to the impact of the epidemic and the increase in raw material prices, which affects the unit cost share. 3. The difference in volume is due to the overflow of orders in the post-epidemic era.				

3. Cash Flow

(1) Cash flow analysis for the most recent year (IFRS applicable)

Item \ Year	2021	2020	Increase (decrease) percentage(%)
Cash flow ratio	1.26	6.62	(80.97)
Cash flow adequacy ratio	8.19	11.07	(26.02)
Cash reinvestment ratio	(0.08)	(0.16)	150.00
Analysis of changes in the percentage of increase or decrease: 1. The decrease in cash flow ratio and decrease in cash flow equivalency ratio were mainly due to the increase in capacity activation as orders recovered due to the easing of the epidemic. This is also due to higher stocking demand in response to customer requests.			

(2) Cash flow analysis for the coming year

Unit: NT$1000

Beginning balance of prepaid rent	Estimation from the business activities of the whole year Net cash flow	Estimated annual cash inflow (outflow)	Estimated surplus (shortfall) of cash	Remedial measures for estimated cash deficit	
				Investment plans	Financing plans
$ 1,045,569	$ 562,432	($ 807,642)	$ 800,359	-	-
1.Analysis on cash flow situation for the coming year (1) Operating activities: Net cash inflows will be generated in 2022 due to the addition of new branded customers and the impact of a stronger U.S. dollar. (2) Investing activities: The increase in cash outflow was mainly due to the purchase of additional equipment and investment in a new plant in Jiangsu. (3) Financing activities: The net cash inflow resulted from borrowings from banks. 2. Analysis on the remedial measures for estimated cash deficit: Not applicable.					

4. The impact of major capital expenditure in the last year on the financial business:

(1) The use of significant capital expenditures and the source of funds:

Project Items	Actual or expected sources of funds	Actual or expected completion date	Total Funds Required	Actual or projected use of funds	
				2021	2022
Firefighting deficiency improvement project	Own funds	110/3	1,580	1,580	
8 sets of fully computerized yarn covering machine. 2 sets of weft yarn machine	Own funds	110/1	USD346	USD118	
Construction of the roof of the iron alley in Area H and other related works	Own funds	110/12	4,050	4,050	
ATLAS water-cooled xenon arc lamp daylight fastness machine	Own funds	110/5	2,651	2,651	
ACME High Temperature High Speed Dyeing Machine	Own funds	110/9	10,600	10,600	
No. 2 and 6 deep water well replacement project, civil engineering, etc.	Own funds	110/11	4,070	4,070	
ATLAS water-cooled xenon arc lamp daylight fastness machine	Own funds	110/4	JPY2285	JPY2285	
SUCTION MOQUETTE BAR	Own funds	110/10	1,900	1,900	
AM-OHDP 500 high-temperature high-speed dyeing machine 4 sets of piping and electrical works, etc.	Own funds	110/9	1,385	1,385	
Grinding machine 2# heat tinling project. Blanket drying machine with piping and electricity, etc.	Own funds	110/12	1,582	1,582	
Installation of chemical storage area for dyestuffs. Construction of iron alley west of waste storage area. Long-fiber fabric waste water diversion and electricity distribution and piping project, etc.	Own funds	110/11	2,585	2,585	
Datacolor Spectro 1000 spectrometer and other equipment	Own funds	111/2	4,868		4,868
Glueing machine modifying shaping and drying cloth engineering, etc.	Own funds	111/1	1,180		1,180
Recycling plant rainwater collection project, etc.	Own funds	111/3	16,768	768	1600
400P.500P.700P Air compressor energy saving guarantee project	Own funds	111/3	1,000	200	800
4" industrial water application and piping project	Own funds	111/3	1,785		1,785

(2) Expected benefits: In response to the change in market demand for products other than apparel and furniture products, functional fabric products are popular in the market, so we have purchased additional equipment to develop new products and improve product quality, which will increase order intake, improve gross profit and increase market competitiveness.

5. Re-investment policy, major reason for profit/loss of the last year, improvement plan and the investment plan for the coming year:

(1) The Company's policy on re-investment

The Company has not engaged in investments in non-related industries. In addition to the investment cycle requirements of the internal control system, the Company also assists reinvestment companies in establishing appropriate internal control systems in accordance with the "Management of Related Party Transactions" and "Supervision and Management of Subsidiaries" regulations established by the Company, taking into account the local laws and regulations and the actual operating conditions of the reinvestment companies. Internal control system.

(2) Re-investment policy, major reason for profit/loss of the last year, improvement plan and the investment plan for the coming year:

As of Dec. 31, 2021; Unit: 1,000

Re-investment Company	Invested Amount	Recognized investment income or loss of the invested company for the most recent year	Main reasons for gains and losses	Improvement Plan
DE LICACY (SAMOA) HOLDINGS CO., LTD.	1,678,430	301,420	None	None
WELL UNIQUE ENTERPRISE CO., LTD.	141,550	7,712	None	None
DE-FA INTERNATIONAL INDUSTRIAL CO.,LTD	59,878	(25,437)	Affected by the pandemic	None
CHADTEX INDUSTRIAL CO., LTD.	177,335	(7,188)	Company under transformation	None
BEST ALLIANCE INTERNATIONAL LIMITED	USD 108,040,000	69,342	None	None
VIEW BEST GLOBAL LIMITED	USD 1,935,000	(7,735)	Affected by the pandemic	None

(3) Investment plans for the coming year: None.

6. Risk items, and the related analysis and evaluation of the recent years and as of the printing date of the annual report:

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures during the recent years and as of the printing date of the annual report:

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and and Future Response Measures:

The Company and Subsidiaries’s interest expense for the year 2020 and 2021 were NT$ 177,717 thousand and NT$152,354 thousand. The ratio of interest expense to net operating income was2.07% andand1.45% of net operating revenues.The Company's income was affected by the change in interest rate. Therefore, the Company also negotiates loan terms with various banks to obtain more favorable interest rates, and closely monitors the information on interest rate changes to evaluate and judge future interest rate trends. The Company also closely monitors the information on interest rate changes, evaluates the trend of future interest rates, and adjusts the short-, medium- and long-term financing limits according to the interest rate conditions in order to reduce the impact of interest rate changes on the Company's finances.

2. Effects of Changes in Interest Rates, Foreign Exchange Rates and and Future Response Measures:

(1) The Company is an export-oriented company, so changes in exchange rates have an impact on the Company’s revenue and profitability. For the years 2020 and 2021, the Company and its subsidiaries recognized exchange gains (losses) of $(219,941,000) and (91,071,000).

(2) Since most of the Company's sales are denominated in U.S. dollars, exchange gains and losses are affected by fluctuations in the U.S. dollar. In order to effectively manage foreign currency positions, the Company and its subsidiaries have dedicated staff to observe exchange rate fluctuations at all times and refer to financial information provided by banks and investment institutions to keep abreast of exchange rate movements and trends. In addition, for the net position of foreign currency, we use pre-sales of U.S. dollar forward foreign exchange to reduce the impact of foreign currency exchange risk on the Company's operation.

3. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

The market prices of the Company and its subsidiaries' major raw materials, such as plastic and chemical materials, are affected by fluctuations in global oil and commodity prices. In times of rising raw material costs, the Company and its subsidiaries have

responded by increasing stockpiling to mitigate the impact of rising raw materials, continuously improving process capabilities to reduce production costs, and developing high value-added products to improve gross margins and reduce the impact of inflation. The Company and its subsidiaries keep an eye on the fluctuation of global oil and commodity market prices and provide relevant information to the management for decision making and review, so as to enhance the possibility of responding to cost changes and to avoid adverse effects on the Company due to inflation.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions during the recent years and as of the printing date of the annual report:

1. The Company and its subsidiaries have always focused on their businesses and operated them in a pragmatic manner. The Company and its subsidiaries do not engage in high-risk, highly leveraged investments other than those focused on the respective business areas of the Company.
2. The Company and its subsidiaries have established the "Procedures for Lending Funds to Others" and "Procedures for Endorsements and Guarantees" as a management system to regulate the risks of lending funds and endorsements and guarantees to achieve the purpose of effectively controlling the operating risks of the Company and its subsidiaries.
3. In accordance with the amendment to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” on 2019.03.07 by the Securities and Futures Commission of the Ministry of Finance, the Company amended the Company’s “Procedure for Lending Funds to Others” , approved by 2020 Shareholders Meeting. The execution of the loan of funds to others must follow the "Procedures for Loan of Funds to Others".
4. In accordance with the amendment to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” on 2019.03.07 by the Securities and Futures Commission of the Ministry of Finance, the Company amended the Company’s “Procedure for Endorsements and guarantees” , approved by 2019 Shareholders Meeting. The execution of the endorsement guarantee operation must follow the “Procedure for Endorsements and guarantees”.
5. The Company and its subsidiaries have established “Procedures for the Acquisition or Disposal of Assets” as a basis for engaging in related transactions, approved by 2019 Shareholders Meeting. The Company and its subsidiaries entered into derivative financial instrument transactions primarily to hedge the risk of foreign currency assets and liabilities arising from fluctuations in exchange rates.109 and 110The financial assets and liabilities at fair value through profit or loss for the years 2020 and 2021, resulted in valuation (loss) gains and losses of (18,301) thousand and (44,383) thousand. The Company and its subsidiaries engage in the above-mentioned derivative instruments mainly for hedging purposes. Overall, the Company and its subsidiaries have not engaged in derivative transactions that have had a material adverse effect on the Company's financial position.

(3) Research and development expenses during the recent years and as of the printing date of the annual report:

1. Future R&D plans:

Since our company was established, we have been developing our own research and development, cultivating research and development professionals, grasping the pulse of global market trends and combining the needs of end customers to carry out project research and development, mainly to develop functional fabrics that meet health needs. The main products are long fiber post-dyed or first dyed functional sports fabrics, outdoor sports special functional laminated products, post-dyed long and short fibers interwoven popular or functional fabrics, long and short fibers post-dyed or first dyed popular fabrics for men and women.

The Company actively participates in government-assisted industrial project cooperation programs and government-organized textile training courses, and sends its R&D staff to participate in international fabric exhibitions to learn the fashionable information of the market, so as to enhance the fashion sensitivity and innovative technology capability of the R&D staff of the Company and its subsidiaries, and to meet the customer's needs in the direction of R&D. In the future, the Company and its subsidiaries will continue to invest in

research and development to improve the competitiveness and advantages of products. In the future, the Company and its subsidiaries will continue to invest in research and development to enhance the competitiveness and advantages of our products. New products planned to be developed are detailed in the operation profileP.62~63The new products will be developed by the company.

2. Estimated R&D expenses: The estimated R&D expenses for 2022 are NT$230,000 thousand.

(4)Effects and Response to Changes in Domestic and Foreign Policies and Regulations Relating to Corporate Finance and Sales during the recent years and as of the printing date of the annual report:

The Company has not been subject to any significant domestic or foreign policy or legal changes in recent years that would affect the Company's financial and business operations. The Company has always complied with the regulations of relevant domestic and foreign laws and regulations, and pays close attention to policies and laws that may affect the Company's operations to ensure normal operations, and communicates with its accountants and attorneys at all times to plan countermeasures.

(5)Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales during the recent years and as of the printing date of the annual report: None

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures during the recent years and as of the printing date of the annual report: None

(7)Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans during the recent years and as of the printing date of the annual report: None

(8)Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans during the recent years and as of the printing date of the annual report: None

(9)Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration during the recent years and as of the printing date of the annual report: None

(10)Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10% during the recent years and as of the printing date of the annual report: None

(11)Effects of, Risks Relating to and Response to the Changes in Management Rights during the recent years and as of the printing date of the annual report: None

(12)For the contentious or non-contentious events, it shall list the directors, general manager, substantial person in charge, and shareholders with more than 10% shareholding, as well as the major contentious and non continuous events or administrative litigation event related to the affiliates currently or in the past according to the judgment. For those that the result might show substantial influence on the shareholder’s equity or price of securities, it shall disclose its fact, target amount, start date of litigation, major involved parties and handling situation until the date of using the annual report: None

(13)Other significant risks and contingencies during the recent years and as of the printing date of the annual report: assessed to be free of information security risks.

7. Other important matters

1. Significant business events (last five years)

(1) Acquisition or merger of other companies

Our investment in Samoan Triad Holding Company (Samoan Triad Corporation) was mainly through re-investment of Somoa Victory Holdings (Victory Company, 100% shareholding) and indirect investment of British Virgin Islands Deyi International Co., Ltd. (Deyi Company, 100% shareholding); moreover, Deyi Company then make indirect investment of Hangzhou De Licacy Textile Company (Hangzhou De Licacy Company, 100% shareholding) and British Virgin Islands Eden Road International Company (Eden Road Company, 100% shareholding). The Board of Directors of the Company resolved on January 16, 2014 that Samoan De Licacy Company should make a direct investment in Deyi Company. Victory Company transferred the shares of its original investment in Deyi Company to Samoa De Licacy Company. This change in investment structure was approved by the Investment Review Committee of the Ministry of Economic Affairs on January 22, 2014. In 2014, the Company increased its investment in Somoa De Licacy Company by NT$123,488 thousand, which was approved by the Investment Commission of the Ministry of Economic Affairs on January 23, 2014. In 2017, 2018 and 2019, we increased our investment in Somoa De Licacy by US$1,345 thousand, US$4,301 thousand and US$4,440 thousand, and in 2018, we received US$9,230 thousand as a refund of capital reduction.

The investment in HSL China Metropolitan Fund I (GP) Ltd. (HSL Ltd., 16.67% shareholding) of US$297,155 thousand (US$5,000 thousand and RMB28,995 thousand) made by Somoa De Licacy, a subsidiary, in November 2014 was transferred to available-for-sale financial assets on December 31, 2015. (HSL Ltd., 16.67% shareholding) of $297,155 thousand (US$5,000 thousand and RMB28,995 thousand) was transferred to available-for-sale financial assets on December 31, 2015. The fund was resolved by the fund committee to distribute the earnings on September 28, 2017, and the Consolidated Company recognized dividend income of $82,069 thousand (RMB18,000 thousand) in proportion to its shareholding, and recovered the investment principal of $275,100 thousand (RMB60,000 thousand) on September 30, 2017. This fund completed the liquidation process and distributed the remaining surplus on December 29, 2017.

In September 2014, the Company subscribed for a cash capital increase of $21,150 thousand in proportion to its shareholding in Fufa Company, and in October 2014, some shareholders of Fufa Company renounced their share options. In addition, the Company increased its shareholding from 45.3% to 49.48% (including the 50.7% shareholding of the consolidated subsidiary) by subscribing for additional cash capital of NT$18,983 thousand, and the Company has the ability to control Since October 2014, Fufa Company and its reinvestment in E TEXTILE CO., LTD., FAITH GAIN INVESTMENT LIMITED, Bright Wisdom Holdings Ltd. and Zhejiang Fufa Textile Limited are all included as subsidiaries of the Company. The Company remeasured its previously held interest in Fufa Company at its acquisition date fair value, resulting in a bargain purchase gain of $19,960 thousand, which is presented separately in the consolidated statements of income. The fair value was valued as of September 30, 2014 by Fengyi Asset Consulting Co., Ltd., an independent consultant that is not a related party, using the income approach supplemented by the cost and market approaches. In November 2014, the Company acquired another 6.26% of shares of Fufa Company from an unrelated party for $24,890 thousand, increasing its shareholding from 49.48% to 55.74%. On December 30, 2014, Bright Wisdom Holdings Ltd. acquired 80.769% of the shares of Total Express Ltd. for US$0.80769. Total Express Ltd. is mainly engaged in international trading business. Fufa Company approved the sale of 53.62% equity interest in Bright Wisdom Ltd. by its subsidiary FAITH GAIN Company for USD 5,630,000 and the indirect sale of Zhejiang Fufa Company and Total Express Ltd. to Deyi Company. This equity transfer was approved by the Investment Review Committee of the Ministry of Economic Affairs on December 22, 2017 and the equity transfer agreement was signed on December 27, 2017. Therefore, the transfer of ownership is an organizational reorganization under common control. In June 2019, the Company acquired 3.96% of Fufa Company from an unrelated party for $21,664 thousand, resulting in an increase in shareholding from 55.74% to

59.7%. Bright Wisdom Ltd. acquired 19.231% equity interest in Zhejiang Fufa Company and Total Express Ltd. from key management at the end of 2019 for $74,950,000 (US$2,500,000) (recorded as other payables - related parties). resulting in an increase in shareholding from 80.769% to 100%. On January 14, 2020, the board of directors approved the purchase of 1.22% of Fufa Company from its subsidiary Tung Ming Company for $6,633,000, resulting in an increase in shareholding from 59.7% to 60.92%. On June 19, 2020, the board of directors approved the sale of 35.94% of Fufa Company's shares (14,293 thousand shares to unrelated parties) for $195,227 thousand ($13.7 per share, net of securities transaction tax of $587 thousand), resulting in a decrease in shareholding to 24.98%. The transaction price was determined by reference to the equity value valuation report of EVERMORE CONSULTING CO., LTD., an independent non-related party, as of March 31, 2020, using the net equity method and the cost-benefit ratio method. The closing of the equity transfer between the seller and the buyer was completed on July 8, 2020, which resulted in the Consolidated Company losing control of Fufa Company and its subsidiaries.

In April 2014, the Company invested $85,000 thousand to establish REMOTEK CORPORATION with an unrelated party, holding 53.125% of the shares. REMOTEK CORPORATION is mainly engaged in the textile manufacturing, dyeing and finishing, and trading of various textile products. However, in October 2015, the shareholding ratio was reduced from 53.125% to 51.306% due to the non-subscription of cash capital increase of $43,031 thousand for REMOTEK CORPORATION in accordance with the shareholding ratio. In June 2016, the Company's shareholding ratio was reduced from 51.306% to 50.41% because the Company did not subscribe to REMOTEK CORPORATION's cash capital increase of $27,705 thousand in accordance with its shareholding ratio. Acquired 4.65% of REMOTEK CORPORATION from an unrelated party for $21,329 thousand in fiscal 2020, resulting in an increase in shareholding from 50.41% to 55.06%.

On April 28, 2015, Somoa De Licacy established Hao Wang Company (100% shareholding) with a capital of US$2,500 thousand, mainly for indirect investment in Changxing Fufa Company (100% shareholding). Approved by the Investment Review Committee of the Ministry of Economic Affairs on September 4, 2015. Changxing Fufa Company was liquidated on October 31, 2020 and the liquidation amount of $77,739 thousand (US$2,706 thousand) was remitted to Hao Wang Company for remittance to De LicacySomoa Company on November 30, 2020.

On November 25, 2015, the Company established De LicacyBVI Holding Company (100% shareholding) with a capital of US$1,766 thousand and indirectly invested in Victory Cayman (100% shareholding), mainly for indirect investment in VietnamDe Licacy Company (100% shareholding). The investment was approved by the Investment Review Committee of the Ministry of Economic Affairs on January 7, 2016. In 2016, 2017, 2018 and 2019, the Company will invest an additional US$15,350,000, US$59,720,000, US$17,604,000 and US$13,600,000, respectively, to indirectly invest in VietnamDe Licacy. And on January 13, 2017 and April 18, 2017, the board of directors resolved to capitalize VietnamDe Licacy with US$39,680,000 in debt for the purchase of machinery and equipment from VietnamDe Licacy by Textron Cayman. Of the indirect investment in Vietnam De Licacy, US$29,660 thousand, US$36,720 thousand and US$39,680 thousand were approved by the Investment Review Committee of the Ministry of Economic Affairs on October 18, 2017, April 20, 2018, March 7, 2019 and December 31, 2020, respectively, for review.

On December 28, 2015, the Company invested $5,100 thousand to establish Nan De Company with an unrelated party, in which the Company holds 51% of the shares. Nan De Company was established as Nan De SAMOA Company on March 23, 2016. Nan De SAMOA Company applied to the SAMOA Government Company Registry for delisting on November 13, 2017 as it no longer has actual operating activities and was dissolved as of the delisting date. Nan De Company was liquidated on August 31, 2018 by the shareholders' provisional resolution due to the absence of actual operating activities in recent years, and the base date of liquidation was October 2, 2018, and the Consolidated Company has refunded liquidation amounts of $393 thousand and $85 thousand in fiscal 2018 and 2019, respectively.

Somoa De Licacy Company established De Licacy Anguilla Company (100% shareholding) with a capital of US$4,905 thousand on March 14, 2016, mainly for the

purpose of reinvesting in ERA NOUVEAU INTERNATIONAL CO. (ERA NOUVEAU Company, 49% shareholding), which was approved by the Investment Review Committee of the Ministry of Economic Affairs on November 18, 2016. International Co., LTD. (ERA NOUVEAU Company).

In 2016, 2017, 2018, 2019 and 2020, Somoa De Licacy increased its investment in Poly Corporation by US$264 thousand, US$262 thousand, US$257 thousand, US$532 thousand and US$159 thousand, respectively, mainly for indirect investment in Perfect Step Investments (Perfect Step Ltd., 20% shareholding).

In December 2017, the Company invested US$1,105 thousand to establish Jingda Global Company (100% shareholding), and in July 2018, the Company invested an additional US$830 thousand mainly for indirect investment in Vietnam ATAGO Company (30% shareholding). In fiscal 2020, the Company increased its investment in Jingda Company by $15,622 thousand ($540 thousand), which was mainly used to lend funds to Vietnam AGATO Company, an affiliate, for its operation.

In 2017, Somoa De Licacy invested US$1,000,000 to establish Nutransfer (50% shareholding) with an unrelated party, because Somoa De Licacy has the power to appoint and dismiss a majority of the members of the board of directors of Nutransfer and has the ability to direct its relevant activities. Since Somoa De Licacy has the authority to appoint and dismiss more than half of the members of the board of directors of Nutransfer and has the ability to direct its activities, it is classified as a subsidiary, mainly for indirect investment in Nutransfer (Vietnam) (100% shareholding). In fiscal 2019, Somoa De Licacy increased its investment in De Hong Company (50% shareholding) by $500 thousand, mainly for indirect investment in De Hong (Vietnam) Company (100% shareholding).

On September 6, 2017, Somoa De Licacy invested US$100 thousand to establish New Lake (100% shareholding), which is mainly engaged in import and export trade, De LicacySomoa will invest an additional $174,300 thousand ($6,000 thousand) in New Lake in 2020 to repay the loan in U.S. dollars.

Somoa De Licacy Inc. established Star De Licacy Inc. on August 16, 2017 with a capital of US$165,000 with an unrelated party (50% shareholding). Deli Star International Limited is engaged in the general investment business. The Consolidated Company is a subsidiary because its financial and operating policies are directed by the Consolidated Company. Deli Star International Limited is expected to be automatically delisted by the Government of Anguilla in six months' time as the Consolidated Company returned $5,200,000 in liquidation on August 16, 2019, as it no longer has actual operating activities.

In August 2018, Somoa De Licacy recovered US$5,630 thousand from Deyi Company's capital reduction.

In April 2018, Somoa De Licacy invested US$11,920,000 to establish GLORY WEALTHY CORPORATION LIMITED (GLORY WEALTHY Company, 38% shareholding), which is an indirect investment in GLORY WEALTHY CORPORATION LIMITED. Company, 38% shareholding).

In November 2018, Deyi Company and Eden Road Company increased their investments in Bright Wisdom Ltd. by US$2,151 thousand and US$416 thousand, respectively, mainly to reinvest in Lucky Apex Ventures Limited (100% shareholding) and indirectly in Anqing Defa Company (100% shareholding). The investment was approved by the Investment Review Committee of the Ministry of Economic Affairs on October 30, 2018. Cash capital increase to be processed in June 2019. However, Tung Ming Company, Deyi Company and Eden Road Company were not recognized in proportion to their shareholdings, resulting in changes in their shareholdings in Bright Wisdom Ltd. of 5.22%, 45.85% and 20.23%, respectively. On January 14, 2020, the board of directors approved the acquisition of 5.22% and 20.23% of the shares of Bright Wisdom Ltd. from subsidiaries Tung Ming Company and Eden Road Company at US$1.0376 per share, respectively, by Deyi Company to indirectly As a result, the shareholding ratio increased from 45.85% to 71.3%. Therefore, the transfer of shareholding was an organizational restructuring under common control.

On June 28, 2019, the Company established Deguo Company (60% shareholding) with an unrelated party at a capital of $12,000 thousand, and Deguo Company is mainly engaged in general import and export trade. On March 12, 2020, the board of directors approved the sale of 60% of Deguo Company's shares to Fufa Company for $12,000 thousand, thus the transfer of shares was an organizational restructuring under a jointly controlled entity.

On March 12, 2020, the Board of Directors approved the sale of 60% of the Company's equity interest in De Licacy to its subsidiary, Fufa Company, for NT$12,000 thousand. Therefore, the transfer of ownership is a reorganization under a jointly controlled entity.

On April 20, 2020, the board of directors approved the sale of 91.28% of the equity interest in Tung Ming Company to Fufa Company, a subsidiary, for $258,989 thousand, thus the transfer of equity interest was a reorganization under a jointly controlled entity.

Bright Wisdom Ltd. acquired 19.231% equity interest in Zhejiang Fufa Company and Total Express Ltd. from key management at the end of 2019 for $74,950,000 (US$2,500,000), increasing the shareholding ratio from 80.769% to 100%.

On September 24, 2020, Bright Wisdom Ltd. acquired 100% of the shares of PCL TECHNOLOGIES, INC. from key management for $3,000,000 ($103,000). PCL TECHNOLOGIES, INC. is mainly engaged in general import and export trade. The Consolidated Company recognized goodwill of $552 thousand for the difference between the transfer consideration and the fair value. The fair value was based on the appraisal report of Eternal Asset Consulting Co., Ltd., an independent appraiser of unrelated parties, on the apportionment of corporate equity and acquisition price as of September 30, 2020, and the valuation method was the discounted cash flow method. On September 24, 2020, Bright Wisdom Ltd. increased its investment in PCL TECHNOLOGIES, INC. by $7,000 thousand (US$239 thousand). The above investment was approved by the Investment Review Committee of the Ministry of Economic Affairs on September 16, 2020, and was approved on October 27, 2020.

On January 14, 2020, the Board of Directors approved the acquisition of 5.22% and 20.23% equity interest in Bright Wisdom Ltd. from its subsidiaries, Dongming and Arden Road, respectively, at US$1.0376 per share to indirectly increase its investment in Zhejiang Fufa and Anqing Fufa, resulting in an increase in shareholding ratio from 45.85% to 71.3%. As a result, the shareholding ratio increased from 45.85% to 71.3%. Therefore, the transfer of shareholding was a reorganization under a jointly controlled entity.

In March 2020, De Licacy Somoa Company indirectly invested $1,572,000 (US$50,000) in Hong Kong Eden Road Company, which is engaged in general import and export trade, through Deyi Company.

The Wanhao Company and Accuratech Company are companies to which the Consolidated Company has no material equity investment, but the Consolidated Company has control over the financial and operating policies of these companies, and therefore the Consolidated Company has control over them and they are included in the preparation of the consolidated financial statements. The Consolidated Company has established Wanhao (SAMOA) and Accuratech (SAMOA) Company in October 2020 to transfer the operating activities of the former Wanhao Company and Accuratech Company.

On January 14, 2021, the Board of Directors approved the transfer of 100% of the Company's shares in Arden Road from Defa to Dei. In March 2021, the Company invested an additional $104,969 thousand ($3,700 thousand) in Arden Road. The main purpose was to repay the loans from related parties. In June 2021, the Company received a refund of NT$88,259 thousand (USD $3,111 thousand) from the capital reduction of Arden Road.

(2) demerger: None.

(3) Re-invested affiliated companies

Unit: NT$1,000 (or USD)

Re-invested businesses	Main business	Investment Costs	Book Value	Number of Shares		Net value of the equity	Market price	Accounting Treatment	The recent year (2020) Return on Investment		Shareholdings
				Number of shares (1,000)	Equity Percentage				Investment income or loss	Distributed Dividends	
DE LICACY (SAMOA) HOLDINGS CO., LTD. (Note 1)	General Investment Industry	1,678,430	3,726,360	54,604	100	3,828,700	None	Equity-method	301,420	-	None
Lucky Unique Enterprise Company. (Note 1)	Manufacture and processing of various fiber textile products	141,550	155,127	12,534	24.1	643,679	None	Equity-method	7,712	-	2,040
DE-FA INTERNATIONAL INDUSTRIAL CO.,LTD (Note 1)	General Import and Export Trade	59,878	24,271	5,500	100	24,258	None	Equity-method	(25,437)	-	None
CHADTEX INDUSTRIAL CO., LTD. (Note 1)	Textile manufacturing, dyeing and finishing, and trading of various textile products	177,335	202,176	18,931	55.06	368,860	None	Equity-method	(7,188)	11,359	None
DE LICACY OLDINGS CO., LTD .(Note 1)	General Investment Industry	USD 108,040,000	3,033,551	27	100.00	3,039,073	None	Equity-method	69,342	-	None
VIEW BEST GLOBAL LIMITED (Note 1)	General Investment Industry	USD 1,935,000	17,681	1,935	100.00	17,681	None	Equity-method	(7,735)	-	None
BEST ALLIANCE INTERNATIONAL LIMITED. (Note 2)	General Investment Industry	USD 42,900,000	2,669,855	42,900	100.00	2,634,725	None	Equity-method	231,321	-	None
Vantage Gain Holdings Limited. (Note 2)	General Investment Industry	USD 7,782,862	182,333	7,783	73.33	248,647	None	Equity-method	(3,239)	-	None
DE LICACY (ANGUILLA) HOLDINGS CO., LTD. (Note 2)	General Investment Industry	USD 3,805,000	9,396	3,805	100.00	9,396	None	Equity-method	(2,436)	-	None
DE HONG HOLDINGS CO.,LTD. (Note 2)	General Investment Industry	USD 1,800,000	39,410	1,800	50.00	78,821	None	Equity-method	(2,431)	-	None
New Lake Ltd. (Note 2)	General Import and Export Trade	USD 6,100,000	387,440	6,100	100.00	387,440	None	Equity-method	90,580	-	None
Beauty Plus Ventures. Limited (Note 2)	General Investment Industry	USD 12,098,738	331,979	12,099	85.00	390,564	None	Equity-method	(7,413)	-	None
Eden Road International Co., Ltd. (Note 3)	General Import and Export Trade	USD 639,000	12,673	639	100.00	19,202	None	Equity-method	(4,036)	-	None
Hangzhou Delicacy Textile Co., Ltd.(Note 4)	Production and sales of long and short fiber fabric processing and finishing	USD 18,289,091 780,770	1,663,048	42,000	100.00	1,713,836	None	Equity-method	(60,030)	-	None
Bright Wisdom Holdings Limited (Note 4)	General Investment Industry	USD 14,902,500	496,062	14,903	53.22	908,662	None	Equity-method	26,959	-	None
Hong Kong Eden Road International Co.,Ltd. (Note 4)	General Import and Export Trade	USD 50,000	273,336	50	100.00	273,336	None	Equity-method	268,139	-	None
Total Express Limited(Note 5)	International Trade Business	USD 1	157,952	-	100	157,952	None	Equity-method	97,096	-	None
APEX TEXTILE CO.,LTD (Note 5)	Manufacture and sale of textile products and dyeing and finishing	USD 3,000,000 35,400	166,376	13,000	53.22	312,619	None	Equity-method	(26,253)	-	None
LUCKY APEX VENTURES LIMITED (Note 5)	General Investment Industry	USD 14,655,000	428,428	14,655	100.00	428,428	None	Equity-method	3,714	-	None
Futures co., Ltd. (Note 5)	General Import and Export Trade	10,000	9,439	1,000	100.00	8,886	None	Equity-method	(1,910)	-	None
DE SHEN (CAYMAN) HOLDINGS CO., LTD (Note 6)	General Investment Industry	USD 108,032,701	3,039,071	108,032	100.00	3,039,071	None	Equity-method	66,689	-	None
Vietnam DE LICACY Industrial Co., Ltd. (Note 7)	Printing, dyeing, finishing, garment manufacturing and trading of various textile and yarn materials	USD 114,660,489.5	3,166,435	-	100.00	3,297,417	None	Equity-method	66,945	-	None
Perfect Step Ltd.(Note 8)	General Investment Industry	USD 10,609,097	248,679	10,609	20.00	1,070,511	None	Equity-method	(4,532)	-	None
New Premium Enterprise Co.,Ltd. (Note 9)	General Investment Industry	USD 3,800,000	9,395	3,800	50.00	18,790	None	Equity-method	(2,572)	-	None

DE HONG INTERNATIONAL CO.,LTD (DH). (Note 10)	Printing and finishing of various types of garments and cloths	USD 2,500,000	61,751	-	100.00	61,751	None	Equity-method	1,638	-	None
ATAGO GARMENT VIET NAM CO., LTD(Note 11)	Garment manufacturing and trading business	USD 1,915,070	17,207	-	30.00	57,357	None	Equity-method	(7,785)	-	None
Plentiful Praise Limited (Note 12)	General Investment Industry	USD 14,023,848	385,909	-	38.00	1,015,549	None	Equity-method	(8,665)	-	None
APEX (ANQING)TEXTILE CO.,LTD (Note 13)	Manufacture and sale of various high quality fabrics and textiles	USD 10,400,000	164,535	10,400	53.22	309,161	None	Equity-method	1,197	-	None
Nantong De Licacy Industrial Co., Ltd. (Note 4)	Production and sales of long and short fiber fabric processing and finishing	USD 5,000,000	138,486	5,000	100.00	138,486	None	Equity-method	--	-	None

Note1: Invested by De Licacy Industrial Co., Ltd.
Note 2: It was invested by De Licacy Somoa Holdings Limited
Note 3: It was invested by DE-FA INTERNATIONAL INDUSTRIAL CO.,LTD.
Note 4: It was invested by British Virgin Islands Deyi International Co., Ltd.
Note 5: It was invested by Bright Wisdom Holdings Limited
Note 6: It was invested by De LicacyBVI Holdings Limited
Note 7: It was invested by Victory (Cayman) Holdings Limited
Note 8: It was invested by Poly Developments And Holdings Group Co.,Ltd.
Note 9: It was invested by De Licacy(Anguilla) Holdings Limited
Note 10: It was invested by DE HONG HOLDINGS CO.,LTD.
Note 11: It was invested byJingda Global Limited
Note 12: It was invested byMega Ventures Co., Ltd.
Note 13: It was invested by Lucky Apex Ventures Limited

(4) Reorganization: None.

(5) Acquisition or disposal of significant assets:

Nan De Clothing Industrial (SAMOA) Company applied for delisting from the SAMOA Government Companies Registry on 13 November 2017 as it no longer has actual operating activities and was dissolved with effect from the date of delisting.

The foreign fund investment is a prepaid investment in HSL Metropolitan Fund I of $297,155 thousand (US$5,000 thousand and RMB28,995 thousand, representing 16.67% of the total capital contribution) by Somoa De Licacy, a subsidiary, in November 2014. The fund was resolved by the fund committee to distribute the earnings on September 28, 2017, and the Consolidated Company recognized dividend income of $82,069 thousand (RMB 18,000 thousand) in proportion to its shareholding. As of September 30, 2017, the principal amount of the investment was $275,100,000 (RMB60,000,000). This fund completed the liquidation process and distributed the remaining surplus on December 29, 2017, and the Consolidated Company recognized a gain of $20,878 thousand from the disposal of investment based on the distributable surplus.

Nan De Industrial Limited was liquidated on August 31, 2018 by the shareholders' provisional resolution due to the absence of actual operating activities in recent years, and the liquidation base date was October 2, 2018. The Consolidated Company has returned $393 thousand in liquidation payments for the year ended December 31, 2018.

Deli Star Company has returned the liquidation amount of $5,200 thousand on August 16, 2019 because there is no longer actual operating activity. It is expected to be automatically delisted by the Anguilla government in six months.

On January 14, 2020, the board of directors approved the purchase of 1.22% of Fufa Company from its subsidiary Tung Ming Company for $6,633,000, resulting in an increase in shareholding from 59.7% to 60.92%. On March 12, 2020, the board of directors approved the sale of 60% of the shares held by Deguo Company to Fufa Company for $12,000 thousand. On April 20, 2020, the board of directors approved the sale of 91.28%

of the shares held by Tung Ming Company to Fufa Company for $258,989 thousand. On June 19, 2020, the Board of Directors approved the sale of 35.94% of Fufa Company to an unrelated party for $195,227 thousand, resulting in a decrease in shareholding to 24.98%. The transaction price was determined by reference to the equity value valuation report of EVERMORE CONSULTING CO., LTD., an independent non-related party, as of March 31, 2020, using the net equity method and the cost-benefit ratio method. The closing of the equity transfer between the seller and the buyer was completed on July 8, 2020, which resulted in the Consolidated Company losing control of Fufa Company and its subsidiaries.

Changxing Fufa Company had completed the liquidation on October 31, 2020 and remitted the liquidation amount of NT$77,739 thousand (USD2,706 thousand) to Haowang Company on November 30, 2020 and then remitted to De Licacy (Samoa) Holdings Co., LTD.

At the Board of Directors meeting on March 15, the Board approved the re-investment from De Licacy (Samoa) Holdings Co. Ltd. to BEST ALLIANCE INTERNATIONAL LIMITED, and the re-investment in NANTONG DE LICACY TEXTILE TECHNOLOGY CO. This investment project was established due to the proposed demolition, relocation or name change of Hangzhou De Licacy Textile Co., Ltd. And Zhejiang Fu Fa Textile Co., Ltd. The Chairman is authorized to handle the details of this investment within the limit of US$60 million. This case has been approved in principle by the Investment Review Committee of the Ministry of Economic Affairs by the Letter Chin-Sheng-Er-Zi No. 11000129360 dated August 27, 2021. Invested USD5,000,000 on Dec. 3, 2021.

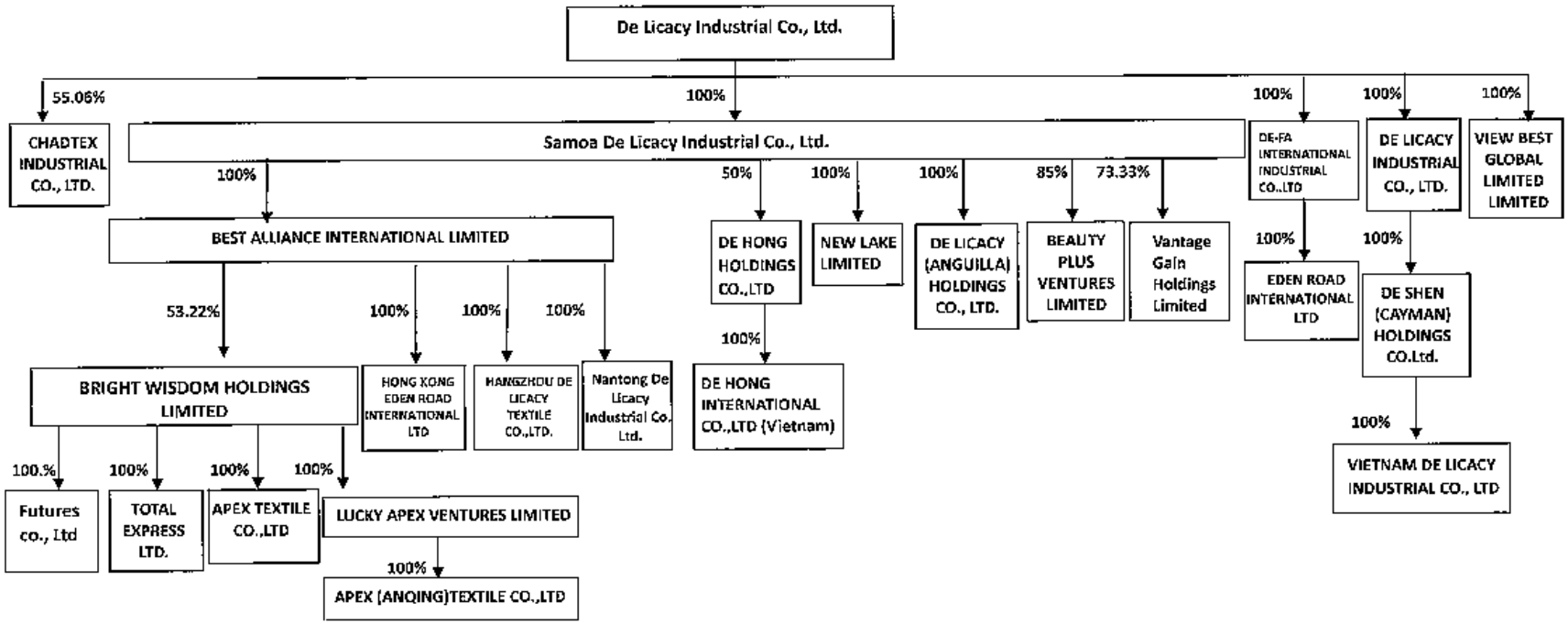
(6) Significant changes in the method of operation or business content: None.

VIII. Special Disclosure

(1) Summary of Affiliated Companies:

(一)Consolidated Business Reports of Affiliated Companies

1. Organizational Chart of Affiliated Companies:



2. Profile of each Affiliated Companies:

Unit: NT$1000

Enterprise Name	Date of Incorporation	Address	Paid-in Capital	Main business or production items
BEST ALLIANCE INTERNATIONAL LIMITED	1997/04/29	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	1,187,472	General Investment Industry
HANGZHOU DE LICACY TEXTILE CO.,LTD	1997/06/24	Xiasha Economic and Technological Development Zone, Hangzhou, Zhejiang, ChinaM-12-3-1	1,162,560	Production and sales of long and short fiber fabric processing and finishing
DE LICACY (SAMOA) HOLDINGS CO., LTD	2002/06/24	P.O. Box 217, Apia, Samoa	1,678,430	General Investment Industry
DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	1997/12/01	10F,No.188,Sec.5,Nanjing East Road, Songshan District, Taipei City, Taiwan	55,000	General Import and Export Trade
EDEN ROAD INTERNATIONAL LTD.	1997/08/22	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	17,688	General Import and Export Trade
CHADTEX INDUSTRIAL CO., LTD.	2004/04/10	No. 240, Sanshe Village, Xinshi Dist., Tainan City	343,824	Textile manufacturing, dyeing and finishing, and trading of various textile products
Vantage Gain Holdings Limited	2004/04/14	P.O.BOX 1225 , Apia , Samoa	215,430	General Investment Industry
BRIGHT WISDOM HOLDINGS LIMITED	2003/12/23	P.O.BOX 217, APIA, SAMOA	775,040	General Investment Industry
APEX TEXTILE CO.,LTD	2006/12/21	167-171 WO YI HOP RD,7/F,FLAT A,KINGSWAY IND,BUILD	359,840	Manufacture and sale of textile products and dyeing and finishing
TOTAL EXPRESS LTD	2008/01/30	P.O. BOX 1239, OFFSHORE INCORPORATIONS CENTRE, VICTORIA, MAHE', REPUBLIC OF SEYCHELLES	--	International Trade Business
De Licacy (Anguilla) Holdings Co., Ltd.	2015/10/16	P.O.Box 850 Offshore Incorporations Centre The Valley Anguilla Vritish West Indies	105,322	General Investment Industry
DE LICACY OLDINGS CO., LTD.	2015/09/23	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Island	2,990,547	General Investment Industry
DE SHEN (CAYMAN) HOLDINGS CO., LTD.	2015/10/09	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	2,990,345	General Investment Industry
VIETNAM DE LICACY INDUSTRIAL CO., LTD	2015/10/07	Plot A_10_CN, Bao Pang Industrial Zone, Bao Pang County, Binh Duong Province	3,173,802	Printing, dyeing, finishing, garment manufacturing and trading of various textile and yarn materials
DE HONG HOLDINGS CO.,LTD	2017/01/27	P.O. Box 217, Apia, Samoa	99,648	General Investment Industry
New Lake Ltd.	2017/02/15	Vistra Corporate Services Centre, Albert Lake Drive, The Valley, Anguilla, British West Indies.	168,848	General Import and Export Trade
VIEW BEST GLOBAL LIMITED	2017/08/18	Ground Floor NPF Building, Beach Road, Apia, Samoa	53,561	General Investment Industry
DE HONG INTERNATIONAL CO.,LTD (DH)	2017/09/11	P.O. Box 217, Apia, Samoa	69,200	Printing and finishing of various types of garments and cloths
LUCKY APEX VENTURES LIMITED	2017/09/18	Ground Floor NPF Building, Beach Road, Apia, Samoa	405,650	General Investment Industry
APEX (ANQING)TEXTILE CO.,LTD	2018/01/08	No.6, Lianxing Village, Yingjiang District, Anqing City, Anhui Province, China	1,187,472	Manufacture and sale of various high quality fabrics and textiles
Beauty Plus Ventures. Limited	2018/03/26	Vistra Corporate Services Centre, Wickhams Cay II Road	287,872	General Investment Industry

		Town, Tortola, VG1110, British Virgin Islands		
Hong Kong Edin Roda International Co., Ltd.	2019/11/18	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	1,384	General Import and Export Trade
FUTURUS CO., LTD.	2020/04/22	5F-3, No. 188, Sec. 5, Nanjing East Road, Songshan District, Taipei City, Taiwan	10,000	General Import and Export Trade
Nantong De Licacy Industrial Co., Ltd.	110/07/05	Haian Economic and Technological Development Zone, Lifa Avenue and scenic West Road intersection	138,400	Production and sales of long and short fiber fabric processing and finishing

3. Information on the same shareholders presumed to have a relationship of control and subordination: None.

4. The businesses covered by the affiliated companies are: plaid, blended, jacquard, bubble, stretch, chemical fiber, polyester cotton, silk, satin, etc. The Company is engaged in various textile, manufacturing, dyeing and finishing, trading, general import and export business, and general investment business, etc.

5. Information on directors, supervisors and general managers of affiliated companies

Name of the Company	Title(Note 1)	Name or representative	Shareholdings(Note 2)(Note 3)	
			Number of shares	Shareholding %
BEST ALLIANCE INTERNATIONAL LIMITED	Responsible person	YEH, FU-LIN	0 shares	0.00%
	Institutional Director	Samoa De Licacy Industrial Co., Ltd.	42,900,000 shares	100.00%
	Representative of Institutional Director	YEH, FU-LIN	0 shares	0.00%
HANGZHOU DE LICACY TEXTILE CO.,LTD	Responsible person	YEH, FU-LIN	0 shares	0.00%
	General Manager	SUN,TUNG-TUNG	0 shares	0.00%
	Institutional Director	Deyi International Co., Ltd.	42,000,000 shares	100.00%
	Representative of Institutional Director	YEH, FU-LIN	0 shares	0.00%
	Representative of Institutional Director	YEH,CHIA-MING	0 shares	0.00%
	Representative of Institutional Director	YEH,CHIA-HAO	0 shares	0.00%
	Representative of Institutional Director	YEH,WEI-LI	0 shares	0.00%
	Representative of Institutional Director	SUN,TUNG-TUNG	0 shares	0.00%
	Institutional Supervisor	Deyi International Co., Ltd.	0 shares	0.00%
	Representative of Institutional Supervisor	KUO,CHUN-HSIUNG	0 shares	0.00%
	Representative of Institutional Supervisor	YU,I-NENG	0 shares	0.00%
	Representative of Institutional Supervisor	YEH,SHU-JEN	0 shares	0.00%
De Licacy Samoa Industrial Co., Ltd.	Responsible person	YEH, FU-LIN	--	0.00%
	Institutional Director	DE LICACY INDUSTRIAL CO., LTD.	54,604,382 shares	100.00%
	Representative of Institutional Director	YEH, FU-LIN	--	0.00%
DE-FA INTERNATIONAL INDUSTRIAL CO., LTD.	Responsible person	YEH,CHIA-MING	0 shares	0.00%
	Institutional Director	DE LICACY INDUSTRIAL CO., LTD.	5,500,000 shares	100.00%
	Representative of Institutional Director	YEH,CHIA-MING	0 shares	0.00%

	Representative of Institutional Director	YEH, FU-LIN	0 shares	0.00%
	Representative of Institutional Director	YEH,CHIA-HAO	0 shares	0.00%
	Institutional Supervisor	DE LICACY INDUSTRIAL CO., LTD.	0 shares	0.00%
	Representative of Institutional Supervisor	YEH,WEI-LI	0 shares	0.00%
Edem Road International Co., Ltd.	Responsible person	YEH,CHIA-MING	--	0.00%
	Institutional Director	Deyi International Co., Ltd.	639,000 shares	100.00%
	Representative of Institutional Director	YEH,CHIA-MING	--	0.00%
CHADTEX INDUSTRIAL CO., LTD.	Responsible person	TSAI,CHI-HSIU	0 shares	0.00%
	Institutional Director	DE LICACY INDUSTRIAL CO., LTD.	18,931,098 shares	55.06%
	Representative of Institutional Director	TSAI,CHI-HSIU	0 shares	0.00%
	Representative of Institutional Director	YEH,WEI-LI	0 shares	0.00%
	Institutional Director	CHIA HER INDUSTRIAL CO., LTD.	11,540,337 shares	33.56%
	Representative of Institutional Director	Weng, Weixiang	0 shares	0.00%
	Supervisor	WENG, MAO-CHIN	0 shares	0.00%
Vantage Gain Holdings Limited	Responsible person	YEH, FU-LIN	0 shares	0.00%
	Institutional Director	Samoa De Licacy Industrial Co., Ltd.	7,782,862 shares	73.33%
	Representative of Institutional Director	YEH, FU-LIN	0 shares	0.00%
Apex Textile Co.,Ltd.	Responsible person	YEH,CHIA-HAO	0 shares	0.00%
	Institutional Director	Budweiden Holdings Ltd.	13,000,000 shares	53.22%
	Representative of Institutional Director	YEH,CHIA-HAO	0 shares	0.00%
	Representative of Institutional Director	YEH,CHIA-MING	0 shares	0.00%
	Representative of Institutional Director	YEH,WEI-LI	0 shares	0.00%
	Representative of Institutional Director	YEH,SHU-JEN	0 shares	0.00%
	Representative of Institutional Supervisor	Budweiden Holdings Ltd.	0 shares	0.00%
	Institutional Supervisor	KUO,CHUN-HSIUNG	0 shares	0.00%
	Institutional Supervisor	TSAI,WEI-CHEN	0 shares	0.00%
Gain Faith Investments Ltd	Responsible person	YEH,CHIA-MING	0 shares	0.00%
	Directors	YEH,CHIA-MING	0 shares	0.00%
	Directors	KUO,CHUN-HSIUNG	0 shares	0.00%
BRIGHT WISDOM HOLDINGS LIMITED	Responsible person	YEH,CHIA-HAO	0 shares	0.00%
	Directors	YEH,CHIA-HAO	0 shares	0.00%
	Directors	YEH,SHU-JEN	0 shares	0.00%
TOTAL EXPRESS LTD	Responsible person	YEH,CHIA-HAO	0 shares	0.00%
	Directors	YEH,CHIA-HAO	0 shares	0.00%
	Directors	YEH,SHU-JEN	0 shares	0.00%
De Licacy (Anguilla) Holdings Co., Ltd.	Responsible person	YEH,CHIA-MING	0 shares	0.00%
	Institutional Director	Samoa De Licacy Industrial Co., Ltd.	3,805,000 shares	100.00%
DE LICACY OLDINGS CO., LTD.	Responsible person	YEH,CHIA-MING	0 shares	0.00%

	Institutional Director	DE LICACY INDUSTRIAL CO., LTD.	USD108,040,000元 (Equivalent to 27,010shares)	100.00%
DE SHEN (CAYMAN) HOLDINGS CO., LTD	Responsible person	YEH,CHIA-MING	0 shares	0.00%
	Institutional Director	De Licacy BVI Holdings Limited	108,032,700,860 shares	100.00%
VIETNAM DE LICACY INDUSTRIAL CO., LTD	Responsible person	YEH,WEI-LI	0 shares	0.00%
	Institutional Director	Victory Cayman Holdings Co., Ltd.	USD114,660,489.50元	100.00%
DE HONG HOLDINGS CO.,LTD.	Responsible person	YEH,CHIA-MING	0 shares	0.00%
	Institutional Director	Samoa De Licacy Industrial Co., Ltd.	1,800,000 shares	50.00%
	Directors	HSIAO,YU-SHAN	0 shares	0.00%
	Directors	HSIAO,YIN-CHEN	0 shares	0.00%
	Representative of Institutional Director	YEH,WEI-LI	0 shares	0.00%
New Lake Ltd.	Responsible person	YEH,CHIA-MING	0 shares	0.00%
	Institutional Director	Samoa De Licacy Industrial Co., Ltd.	6,100,000 shares	100.00%
	Representative of Institutional Director	YEH,CHIA-MING	0 shares	0.00%
VIEW BEST GLOBAL LIMITED	Responsible person	YEH,CHIA-MING	0 shares	0.00%
	Representative of Institutional Director	YEH,CHIA-MING	0 shares	0.00%
	Institutional Director	DE LICACY INDUSTRIAL CO., LTD.	USD1,935,000 shares	100.00%
DE HONG INTERNATIONAL CO.,LTD (DH)	Responsible person	KUO,CHUN-HSIUNG	0 shares	0.00%
	Institutional Director	DE HONG HOLDINGS CO.,LTD.	USD2,500,000	100.00%
BEAUTY PLUS VENTURES LIMITED	Responsible person	YEH,CHIA-MING	0 shares	0.00%
	Institutional Director	Samoa De Licacy Industrial Co., Ltd.	12,098,738 shares	85.00%
	Directors	CHO SIU KWAN	0 shares	0.00%
	Representative of Institutional Director	YEH,CHIA-MING	0 shares	0.00%
	Directors	YEH,CHIA-HAO	0 shares	0.00%
	Directors	YEH,WEI-LI	0 shares	0.00%
LUCKY APEX VENTURES LIMITED	Responsible person	YEH,CHIA-HAO	0 shares	0.00%
	Institutional Director	Budweiden Holdings Ltd.	10,400,000 shares	53.22%
APEX (ANQING)TEXTILE CO.,LTD	Responsible person	YEH,CHIA-HAO	0 shares	0.00%
	Institutional Director	LUCKY APEX VENTURES LIMITED	USD14,655,000 shares	100.00%
	Representative of Institutional Director	YEH,CHIA-MING		
	Representative of Institutional Director	YEH,CHIA-HAO		
	Representative of Institutional Director	YEH,WEI-LI		
	Representative of Institutional Director	YEH,SHU-JEN		
	Representative of Institutional Supervisor	LUCKY APEX VENTURES LIMITED		
	Institutional Supervisor	SUN,TUNG-TUNG		
	Institutional Supervisor	TSAI,WEI-CHEN		
De Kao Trading Co., Ltd.	Responsible person	KUO,CHUN-HSIUNG	0 shares	0.00%
	Institutional Director	WELL UNIQUE ENTERPRISE CO., LTD.	1,200,000 shares	60%

	Representative of Institutional Director	YEH,CHIA-MING	0 shares	0%
	Representative of Institutional Director	WANG,KUO-TUNG	200,000 shares	10%
Hong Kong Edem Road International Co., Ltd.	Responsible person	YEH,CHIA-MING	--	0.00%
	Institutional Director	DE LICACY INDUSTRIAL CO., LTD.	50,000 shares	100.00%
	Representative of Institutional Director	YEH,CHIA-MING	--	0.00%
FUTURUS CO., LTD.	Responsible person	YEH,CHIA-HAO	0 shares	0.00%
	Institutional Director	Samoa BRIGHT WISDOM HOLDINGS LOMITED	1,000,000 shares	100.00%
Nantong De Licacy Industrial Co., Ltd.	Responsible person	YEH, FU-LIN	0 shares	0.00%
	Institutional Director	Deyi International Co., Ltd.	5,000,000 shares	100.00%
	Representative of Institutional Director	YEH, FU-LIN	0 shares	0.00%
	Representative of Institutional Director	YEH,CHIA-MING	0 shares	0.00%
	Representative of Institutional Director	YEH,CHIA-HAO	0 shares	0.00%
	Representative of Institutional Director	YEH,WEI-LI	0 shares	0.00%
	Representative of Institutional Director	SUN,TUNG-TUNG	0 shares	0.00%
	Representative of Institutional Director	YEH,SHU-JEN	0 shares	0.00%
	Institutional Director	Deyi International Co., Ltd.	0 shares	0.00%
	Representative of Institutional Supervisor	KUO,CHUN-HSIUNG	0 shares	0.00%
	Representative of Institutional Supervisor	YU,I-NENG	0 shares	0.00%

Note1: If the affiliated company is a foreign company, the position is listed as equivalent.

Note2: If the investee company is a limited company, please enter the number of shares and the percentage of shareholding; for others, please enter the amount of capital and the percentage of capital contribution and specify.

Note3: If the director or supervisor is a legal entity, the relevant information of the representative should be disclosed.

6. Business Overview of Affiliates

Unit: NT$1000

Name of the Company	Capital	Total assets	Total liabilities	Net Value	Operating revenue	Operating profit (losses)	Net income (loss) (after tax)	Net earnings per share (NT$)(after-tax)
BEST ALLIANCE INTERNATIONAL LIMITED	1,376,267	2,638,379	3,654	2,634,725	--	(170)	232,542	5.42
HANGZHOU DE LICACY TEXTILE CO.,LTD.	1,415,361	2,437,556	723,720	1,713,836	2,111,433	(72,085)	(60,929)	(1.45)
De Licacy Samoa Industrial Co., Ltd.	1,678,430	3,830,193	1,493	3,828,700	--	(3,637)	299,697	5.49
DE-FA INTERNATIONAL INDUSTRIAL CO.,LTD	55,000	275,422	251,164	24,258	32,507	(30,807)	(25,407)	(4.62)
EDEN ROAD INTERNATIONAL LTD.	18,410	27,129	7,927	19,202	(679)	268	(5,487)	(8.59)
De Licacy (Anguilla) Holdings Co., Ltd.	130,441	9,430	34	9,396	--	(14)	(2,436)	(0.64)
CHADTEX INDUSTRIAL CO., LTD.	343,824	492,452	123,592	368,860	203,214	1,245	(11,906)	(0.63)
Vantage Gain Holdings Limited	323,141	248,713	65	248,648	--	(19)	(4,418)	(0.57)
BRIGHT WISDOM HOLDINGS LIMITED	855,830	908,662	-	908,662	--	--	50,653	3.40
APEX TEXTILE CO.,LTD	413,884	1,340,103	1,027,484	312,619	1,679,623	(33,381)	(49,330)	(3.79)
TOTAL EXPRESS LTD.	--	323,362	165,410	157,952	1,440,665	96,251	97,096	--
DE LICACY OLDINGS CO., LTD.	3,321,829	3,039,113	40	3,039,073	--	(31)	66,656	0.62
DE SHEN (CAYMAN) HOLDINGS CO., LTD	3,321,603	3,801,428	762,357	3,039,071	--	(2,976)	66,689	--
VIETNAM DE LICACY INDUSTRIAL CO., LTD	3,571,192	5,641,009	2,343,592	3,297,417	2,439,437	62,842	55,599	--
DE HONG HOLDINGS CO.,LTD.	108,332	84,326	5,505	78,821	6,798	(5,843)	(4,861)	(2.70)
NEW LAKE LTD	177,302	1,404,349	1,016,909	387,440	2,910,414	80,691	90,580	14.85
VIEW BEST GLOBAL LIMITED	58,853	17,681	--	17,681	--	(41)	(7,735)	(4.00)
DE HONG INTERNATIONAL CO.,LTD (DH)	76,195	81,013	19,262	61,751	30,974	1,497	1,638	--
BEAUTY PLUS VENTURES LIMITED	425,595	390,564	--	390,564	--	(55)	(8,721)	(0.72)
LUCKY APEX VENTURES LIMITED	405,650	428,428	--	428,428	--	--	3,714	0.25
APEX (ANQING)TEXTILE CO.,LTD	287,872	1,150,020	840,859	309,161	670,212	(6,163)	2,226	0.21
Futures co., Ltd.	10,000	14,949	6,063	8,886	9,076	(1,762)	(1,910)	(1.91)
Hong Kong Eden Road International Co., Ltd.	1,572	430,582	157,246	273,336	922,647	273,849	268,139	536.28
Nantong De Licacy Industrial Co., Ltd.	138,875	138,486	-	138,486	-	-	-	-

Note 1: All affiliated companies should be disclosed regardless of their size.

Note 2: If the related party is a foreign company, the relevant figures should be presented in New Taiwan dollars using the exchange rate as of the reporting date.

(二)Consolidated Financial Statements of Affiliated Companies:

For the year 2021 (from January 1, 2021 to December 31, 2021), the companies that should be included in the preparation of consolidated financial statements of affiliated companies in accordance with the "Regulations Governing the Preparation of Consolidated Statements of Operations of Affiliated Companies, Consolidated Financial Statements of Affiliated Companies, and Related Party Reports" are the same as those that should be included in the preparation of consolidated financial statements of parent and subsidiary companies in accordance with SFAS No. 7. The information required to be disclosed in the consolidated financial statements of the related companies has been disclosed in the consolidated financial statements of the former parent and subsidiary. Hence, the Company will not prepare separate consolidated financial statements of affiliated companies.

(三) Affiliation Reports: Not applicable.

2. Private Placement Securities during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

3. Holding or Disposal of the Company's Shares by Affiliated Companies during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

4. Other Necessary Supplementary Notes: None

IX. In the event of any matter which has had a significant impact on shareholders rights or the price for the securities referred to Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, items should be stated in order: None.

DE LICACY INDUSTRIAL CO., LTD.

Chairman YEH,CHIA-MING