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**2022**

Giant Manufacturing Co. Ltd.

# ANNUAL REPORT

TWSE: 9921

Annual report available at: <https://mops.twse.com.tw>

No.999, Sec. 1, Dongda Rd., Xitun Dist., Taichung City

Publish March 30, 2023



**GIANT**  
GROUP



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**5. Name of overseas exchange where securities are listed, and method of inquiry:** None.

**6. Company website:** <https://www.giantgroup-cycling.com>



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# One. Letter to Shareholders

## 1. Letter to Shareholders

### (1) 2022 Business Report

#### Business Report

In 2022, the world shifted towards co-existence with Covid-19. Governments began to lift restrictions and the public adapted to the new normal. The explosive demand benefitting the cycling industry during the pandemic gradually slowed down. Despite the lockdown in China and supply chain disruptions, the Giant Group achieved strong growth through OE business and proprietary brand in the Chinese market amid the challenging environment, generating a record-high consolidated revenue of NT\$92.04 billion, a 12.5% year-over-year growth. However, the sharp turn in demand during the second half of 2022 brought about new obstacles. High level of inventory due to supply chain issues over the past two years led to the disturbing news of payment postponements. We have been taught a lesson from the event; however, we remain committed to the partnership forged with customers and suppliers and are grateful for suppliers who withstand hardship with us in the short period of three months. Together with our partners, we will continue to create sustainable value for the cycling industry.

In line with our long-term care and commitment to the environment, society and shareholders, the Giant Group reveals its future ESG strategy of “Cycling for a Better Future” in the 50th anniversary under the theme of Get Greater. We advocate for business sustainability under the framework of three ESG strategic aspects: Innovating a clean future, Transforming for circularity and Mobilizing for DEI. We receive the 2022 National Sustainable Development Award as a recognition for our ESG practices. With this great start, we will advance and improve further towards the goal of sustainability.

#### Financial Performance

The Giant Group generated consolidated revenue of NT\$92.04 billion in 2022, up 12.5% and rewriting the Group history. Rising costs of material and labor at the cost end plus increasing proportion of OE sale drove down the gross margin from 24.1% in 2021 to 22.6% in 2022, affecting the operating profits. The consolidated income before income tax came to NT\$8.74 billion, remaining flat compared to 2021. Net income attributable to shareholders of the parent amounted to NT\$5.84 billion, down 1.5% year-over-year, with an earnings per share of NT\$15.51.

#### Technology Development

Over the past 50 years, the Giant Group has developed products under its proprietary brands with the spirit of One & Only and earned the trust of OEM customers with our manufacturing techniques and quality. To expect many 50 years to come, we would persistently invest in the research and development of bike and its components, e-bike, Internet of Bike (IoB) and related fields in line with our vision of “Raise the Bar - Driving the Evolution of Cycling World”. We initiate cycling trends with innovations, enhance the overall product value and take one step further to build a cycling ecosystem.

We are aware of cyclists’ pursuit for speed and endurance, and continue to develop premium road bikes, building all-rounder models with advanced aerodynamics and endurance for consumers. Meanwhile, we proactively sponsor UCI road races and enhance our products with feedback from professional athletes. The performance of these professionals in the races are testaments to the world-class competitiveness of our high-end products. In addition, our in-house components and Power Meter offer the public a worthy alternative for performance-level road bike.

E-bike has been the growth driver in recent years. To expand our brand advantage, our Human Interface will be equipped with a higher level of smart intelligence integration in 2023. Consumers can directly access not only our self-developed RideControl control unit, RideDash display and RideControl App, but also the third-party gear shifting system (Shimano, Enviolo, SRAM, etc.) connected to the bike, achieving comprehensive integration of cyclist, bike and systems. This is also a competitive edge of Giant for owning the autonomous systems.

For Gravel/Cyclocross series, which is also the emerging trend, we introduce brand-new Revolt Advanced X. The model is equipped with suspension fork for riders to tackle more challenging and interesting gravel rides, as well as all-new gravel wheelset with dropper seatpost for a better riding experience. Through innovative technologies, researches and developments, we enhance product value and create greater business opportunities in the Gravel segment.

#### Brand Development and Marketing

The Giant Group provides products and services to different consumer groups through technology researches and innovations as well as the strategy of multi-brands. In the 2022 Taiwan Global Brand Survey, the Giant Group ranked sixth with an all-time record brand value of US\$746 million and remained the No. 1 cycling brand.

In sports marketing and sponsorship, triathletes sponsored by the Group gave impressive performance in 2022, including the Ironman 70.3 world champion, the Ironman St. George world champion, the Ironman Kona world champion as well as No. 1 and No. 2 in the Men’s Professional Triathletes Organization World Ranking. As for mountain bikers, Taiwanese athlete, Dan Chiang, won the 2022 Suncheon Asian Mountain Bike Championship. These achievements brought enormous marketing and exposure benefits to the Group brands. Also, Team BikeExchange-Jayco, a men and women’s tier-one cycling team sponsored by the Group, had six stage wins and one national championship for the men’s team plus two stage wins and four national championships for the women’s team in the three Grand Tours. We have successfully enhanced the premium image of our brands through outstanding performance at the world’s top road cycling events. The women’s Tour de France was held again this year. In order to advocate the spirit of Liv, the chairperson herself was invited to join the cycling, so that female athletes can also enjoy the fun of the competition.

#### Corporate Development and Future Prospects

Giant has a comprehensive supply chain covering R&D, production and sales, allowing us to provide innovative products and quality services to lead the cycling trend. We will further solidify our presence in the global market and continue to expand our businesses.

After two years of rapid growth in market demand, we now take on a conservative approach towards future macroeconomics and the cycling market for inventories to return to normal. However, in the long run, we remain positive on the overall development of the industry. Extreme weathers and ESG awareness drive governments to invest in bike infrastructure with full support

behind both bikes and e-bikes. Cycling as a sport and lifestyle will play an important role in everyday life. For the future, we will launch innovative, trendy products of New Mobility, develop loB products and modernize GRP channels as well as seek out strategic investments to accelerate the completion of cycling ecosystem.

In the rapid changing environment, we will strengthen our corporate resilience in pursuit of steady growth. We would like to express our profound gratitude to all employees, customers, shareholders and partners for your long-term support. Let's continue our journey in creating green cycling and sustainable planet together.

## (2) Overview of 2023 Business Plans

The Giant Group adopts the strategy of equal importance on OEM/ODM and proprietary brands, i.e., to design and manufacture for reputable global brands as well as proactively cultivate our proprietary brands: GIANT, Liv and Momentum, plus our high-end carbon-composite components under the brand of CADEX for worldwide distribution. With the focus of research and development on one and only products, we forge innovative environment to identify new growth momentum. Tying in with high-performance matrix organization, we can build up resilience for the sustainable growth of the Group.

### Manufacturing Strategy

The Group currently has manufacturing facilities in Taiwan, China and Europe to meet sales demand worldwide. Capacities at each site are dynamically adjusted by adopting the strategies of short supply chain with prompt response to market demand and setting our Vietnam factory as a solid support for the two European factories. Logistics centers in Taiwan and the Netherlands accelerate the process between production and sales to secure business opportunities ahead of competitors. Smart production is the focus of the Group's development where the construction of automated production lines and ERP system upgrades are crucial. At our factories in Taiwan and China, automated production lines are already in operation, boosting both production efficiency and product quality.

After the strong growth in China and the two-year rapid growth in the Europe and the U.S. markets, the industry is now in the correction phase. Manufacturers of components and bikes are not likely to experience capacity bottleneck in the near future. We expect the inventory of parts to improve further once the lead time of high-end components and the issue of material mismatch have improved. However, the stocks at retail end may have to wait till the traditional peak seasons at spring to gradually return to normal. We believe that with collaborations between production and sales, we can effectively control the risks in the ever-changing environment and increase our overall competitiveness and resilience with the most extensive supply arrangements.

### Marketing and Sales Strategies

Marketing focuses on building brand value and enhancing digital marketing to stay close to and inspire customers. We employ omni-channel retailing, e-commerce platforms and cycling APP to forge community connections and cultivate cycling populations. In addition, we incorporate the concept of sports marketing and sponsor professional cycling teams. Through collaborations with professional cyclists, we have raised the competitiveness of our proprietary brands.

With consumers being the focus, we better consumer experience and integrate online and offline channels. Many brands have adopted the strategy of sales channel M&A in the past few years. However, we insist on maintaining our partnership with dealers instead of going into competition.

In this way, we can focus more on upgrading channels, building and strengthening GRA, establishing regional sales centers as well as incorporating E-comm, Giant ID and digital marketing to provide consumers comprehensive services and experience, thereby achieving the long-term goal of communicating with consumers and establishing the cycling ecosystem.

### Research and Development (R&D) Strategies

With Taiwan Headquarters as the technology center, the Giant Group integrates R&D resources in Europe, U.S. and China and learns of consumers' preferences to create popular products. The R&D center and aesthetic design attend to the functionality and materials of products, R&D of engineering technology as well as outer design of products, continue to launch innovative trendy products of New Mobility as well as develop loB products. Dynamic Cycling Fit (DCF), the new bike fitting brand, aims to assist with finding the right model, size and setting for consumers. Besides avoiding complications from poor posture, the pleasure of a comfortable ride will attract more people to take on the sport and accelerate the completion of cycling ecosystem.

### Macroeconomic Environment and Market Development Status

As changes in global political and economic environment intensify, global economy remains rattled by the Russia-Ukraine war. Consumer behaviors are bound to be affected by inflation and interest rate hikes. We shall stay conservative in the short run regarding the macroeconomics and cycling market for stocks to return to normal while monitoring customer credit risks. However, we can still be positive on the developments of cycling industry in the long run. Extreme weathers and ESG awareness drive governments to invest in bike infrastructure with full support behind both bikes and e-bikes. Cycling as a sport and lifestyle will take on an important role in everyday life.

Uncertainties in the macro environment and market affect our operation in the short-run. However, bikes and e-bikes are beneficial to daily life, urban development and sustainability of the planet. Changes in consumption patterns grant companies with ESG deliverability blue ocean opportunities. With pre-emptive measures to better prepare for future challenges, we can achieve sustainability and stable growth.

### Advantages of Cycling Industry

Cycling is a part of daily life as it can be associated with commutes, recreation and professional sports. It is an industry with the concepts of ESG, eco-friendliness and health. Countries around the world perceive bikes as the solution for short-distance travelling and a connection between public transportation. More than 960 cities including Paris in France and New York City in the U.S. have commenced the construction of public bike systems for short-distance commute.

ESG awareness pushes governments to invest in bike infrastructure with full support behind e-bikes. Cycling as a sport and lifestyle will play an important role in everyday life, generating enormous business opportunities for the cycling industry. In terms of ESG strategy planning, development directions are determined at the industry level, followed by the Group strategic meeting to set short, medium and long-term targets. We adopt the approach of A-team by inviting industry leaders to take part in the Bicycling Alliance for Sustainability (BAS) and receive enthusiastic responses from peers. The alliance in the works will be the only one in the world to emphasize on deep decarbonization from material supply to manufacturing and consumption. It will lead the cycling industry in taking bold actions to enhance industry competitiveness and contribute to planet sustainability.



# Two. Company Overview

## 1. Company profile

### (1) Date of establishment:

The Company was founded in Dajia Township, Taichung County on October 27, 1972 with a share capital of NT\$4,000,000 and an employee size of 38. Its primary business activities were the manufacturing and sale of bicycles and parts.

### (2) The Company History

- 1972 • Establishment of GIANT MFG

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- 1981 • Creation of GIANT Brand

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- 1987 • Mass production of carbon bikes

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- 1993 • Founded GIANT (China) Co. Ltd.

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- 1994 • Listed in TWSE Code: 9921

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- 1996 • GIANT MFG received ISO9001  
• Giant Europe Manufacturing B.V. founded

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- 1997 • The world's first Compact Road frame is introduced and ridden by the ONCE ProTour team.

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- 2000 • Founded Giant Light Metal Technology Co., Ltd. for extruded aluminum products.  
• Founded C-Tech\* to for carbon fiber

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- 2002 • Sponsored ONCE won 2002 Le Tour de France in the team category.

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- 2004 • Founded Giant (Chengdu) Co., Ltd.  
• Giant-sponsored team - T-Mobile won 2004 Le Tour de France in the team category.

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- 2005 • Founded “Giant Electric Vehicle (Kunshan) Co., Ltd.” to start e-bike production

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- 2007 • Founded GIANT (Tianjin) Co., Ltd.  
• Chairman King Liu completed round-the-island cycling at the age of 73.

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- 2009 • Founded Giant Adventure Co., Ltd. For biking tour service.  
• King Liu completed his 1,668 km bike tour from Beijing to Shanghai

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- 2010 • Founded GIANT (Kunshan) Co., Ltd.

- 2011 • Organized “One Bike One” event with more than 110,000 people cycled all over Taiwan and set new Guinness World Record.

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- 2012 • YouBike operates in Taipei

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- 2014 • Official launch of female brand Liv

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- 2016 • Chairman King Liu and CEO Anthony Lo retired on December 31, and were succeeded by Executive Vice President Bonnie Tu for the Chairman position, and COO Young Liu for the CEO position

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- 2017 • Giant sponsor team Sunweb had its best season ever racing on Giant bikes and gear.  
• No.5 of top 20 Best Taiwan Global Brands; its brand value at US\$486 million.

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- 2018 • Giant Manufacturing Hungary Ltd. founded  
• Giant Jiansu Ltd. founded

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- 2019 • Sales climb to record high. No. 6 of top 20 Best Taiwan Global Brands.

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- 2021 • The distribution center at Dajia Youth Industrial Park officially opened  
• No. 4 of top 25 Best Taiwan Global Brands, the Brand worth 670Million USD;

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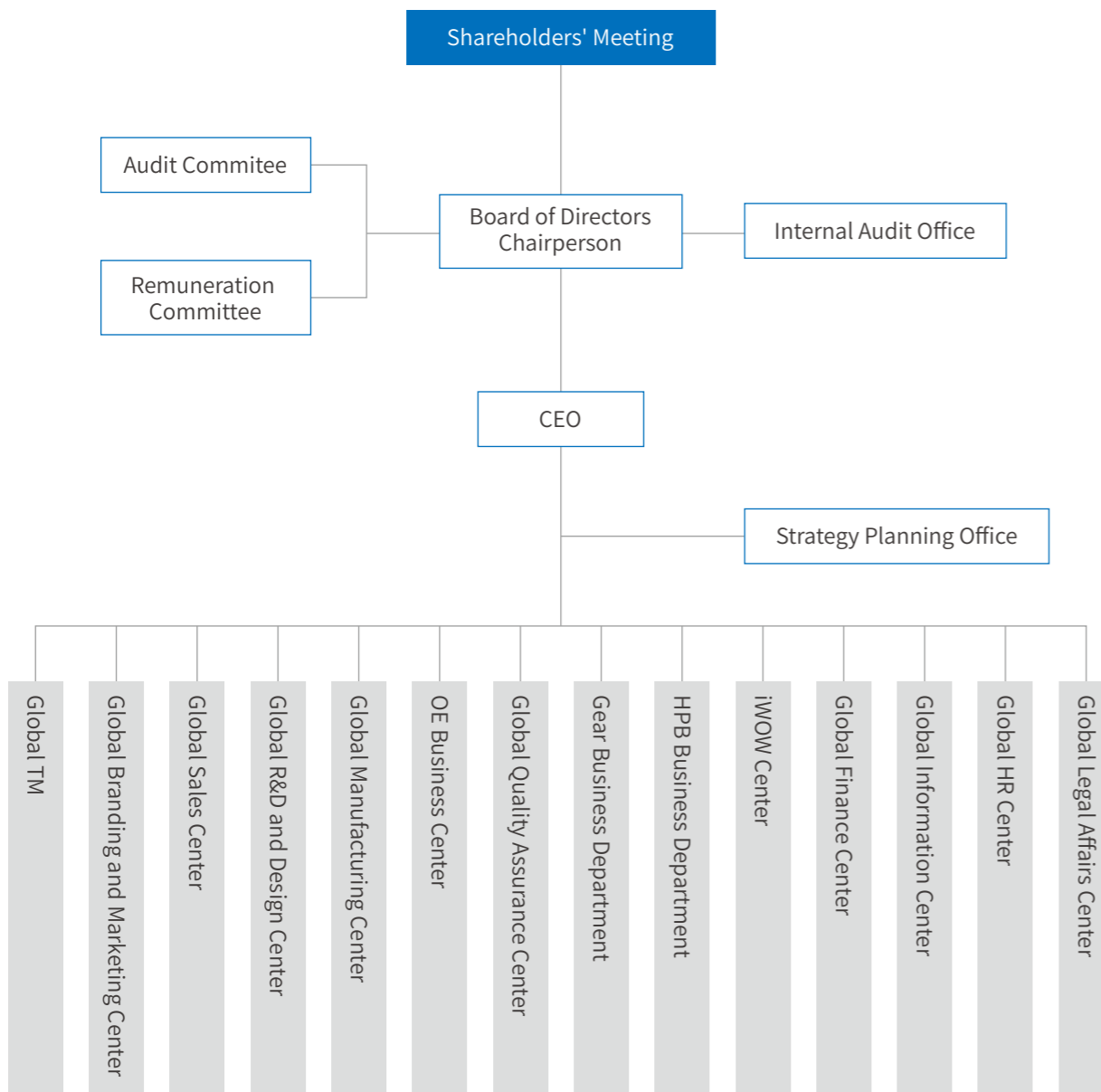
- 2022 • The company led the industry supply chain and called for “Bicycling Alliance for Sustainability (BAS)”;  
• The founder King Liu was awarded the UN “Special Lifetime Achievement Award” on the International Bicycle Day 2022;  
• The company was awarded National Sustainable Development Awards 2022 by Executive Yuan  
• No. 6 of top 25 Best Taiwan Global Brands, the Brand worth 746Million USD;  
• Giant Vietnam Manufacturing Company Ltd. founded



# Three. Corporate Governance Report

## 1. Organization

(1) Organization chart of Giant Group headquarters



(2) Responsibilities of main departments

Main departments	Main duties
Internal Audit Office	Implementation and evaluation of internal audit and internal control systems; establishment and execution of annual audit plans for the group and subsidiaries; conducts activities specified by Securities and Futures Institute.
Strategy Planning Office	Responsible for medium/long-term strategy planning and establishment of global policies and guidelines. Reviews and tracks goals and performance indicators of various business units. ESG office and task force are established to set annual targets for all aspects for sustainability and to regularly PDCA.
Global Legal Affairs Center	Application and protection of trademarks and patents; planning and execution of product liability insurance and litigation; resolution of legal disputes and litigations.
Global HR Center	Planning, guidance and execution of the group's organization structure and human resource policy. Shaping and promotion of corporate culture; sourcing of suitable talents to support the organization's future growth and development.
Global Information Center	Responsible for the development and execution of corporate digital solutions, and the development of related application systems and software.
Global Finance Center	Responsible for the group's financial affairs, including: timely financial reporting and analysis, efficient use of capital, reducing funding cost, foreign currency hedge, assisting business departments with cost accounting and bookkeeping, disclosure of information in compliance with the authority's instructions, investor relationship and share administration affairs.
i-WOW Center	The Group's integration center for smart product developments and innovative technologies. It controls key smart technology, information and communication technology, mechatronical systems design, sports science and the analysis, design and manufacturing of materials, persistently incorporates innovative technologies and materials into the development of new products, and nurtures R&D talents in professional bicycles and composite materials.
HPB Business Department	Determines market position, medium/long-term strategy and corresponding plans for the business segment. Plans, develops and maintains commercial/operational models that are suitable for the business segment. Manages functional interactions and connections with other products, thereby ensuring consistency and success in business promotion.

Main departments	Main duties
Global Gear Business Department	Develops, integrates and promotes operating strategies, marketing goals and brand strategies across all bicycle parts, accessories and related products under the proprietary brand. Product planning, design, development and marketing; provides production and sales services within the group and to external marketing partners.
Global Quality Assurance Center	Responsible for quality management-related policies, strategies, developments and plans within the Company. Coordinates quality assurance models and systems across countries/plants. Monitors major quality issues and ensures timely resolution.
OE Business Center	Develops medium/long-term strategies and responsive plans for the OE service. Manages the coordination between production and quality management.
Global TM	Product strategy, product planning, parts search and development, and team merchandise for proprietary brand.
Global Manufacturing Center	Develops medium/long-term strategies and responsive plans for global production. Ensures alignment between production strength and products at various production sites, and adjusts where necessary to conform to current development and strategies. Manages the coordination between production sites and business functions.
Global R&D and Design Center	Studies consumer behavior, performs industrial analysis, develops new technologies and applications that enhance product value/innovation/competitiveness, integrates aesthetic designs and develops Giant's style to the needs of consumers.
Global Sales Center	Establish sales/distribution networks, while minimize risks and operating costs in the respective markets. Create and satisfy consumers' needs based on characteristics of different markets.
Global Branding and Marketing Center	Establishment, guidance execution, and tracking of global branding/marketing strategies. Develops, integrates and promotes operating strategies, marketing goals and brand strategies across all bicycle models and related products under the proprietary brand. Establishment and execution of public relations policy; enhances relationship with the media and arranges press interview, special visit etc.



## 2. Background information of directors, President, Vice Presidents, Assistant Vice Presidents, and heads of various departments and branches

### (1) Background of directors

March 30, 2023

Title (Note 1)	Nation-ality or place of registr-ation	Name	Gender	Date first elected (Note 2)	Date elected	Term	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements (Note 3)	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks (note4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairperson	Taiwan	THO, TU HSIU-CHEN (Bonnie Tu)	Female	1981.07.30	2021.07.08	3 years	8,332,348	2.22	8,406,668	2.14	97,214	0.02	-	-	Tamkang College of Sciences & Literatures The Company - Executive Vice President, Founder of Liv Brand	The Company - Chairperson Huei De Company, Giant(Japan), Darzins - Director Yuan Hsin Investment, Kinabalu Holding Company, Giant (China), Giant Investment- Chairperson	Director Director Director representive	THO, TZU CHIEN Kinabalu Holding Company THO, TZU SING	Mother and son Chairman Monther and son	None
Director	Taiwan	LIU, YUON-CHAN (Young Liu)	Male	1997.07.30	2021.07.08	3 years	13,297,162	3.55	13,297,162	3.55	-	-	-	-	MBA, Roosevelt University The Company - COO GIANT (China) Co. Ltd. - CEO 4th National outstanding CEO Award	The Company - CEO Giant Group Greater China Region- President Giant Investment Co., Ltd. - GM D. Mag Technology, Technology, Giant Japan, DARZINS- Director AIPS Technology Co., Ltd. -Chairperson	Director	LIU, CHIN-PIAO (King Liu) Yang,Huai Ching	Father and son Brother-in- law	None
Director	Taiwan	Kinabalu Holding Company							18,238,183	4.65	-	-	-	-						
Director	Malaysia	Kinabalu Holding Company representative, THO, TZU SING	Male	2021.07.08	2021.07.08	3 years	17,600,000	4.69	3,302,894	0.88					Bachelor of Arts from Columbia College Chicago	Yuan Hsin Investment - Director H Plus Son- founder	Chairman	THO, TU HSIU- CHEN (Bonnie Tu) THO, TZU CHIEN	Mother and son Brothers	None
Director	Taiwan	LIU, CHIN-PIAO (King Liu)	Male	1973.07.30	2021.07.08	3 years	13,703,498	3.65	13,703,498	3.65	7,738,278	1.97	-	-	Taichung Industrial High School The Company - Chairman Chinese National Association of Industry and Commerce - Managing Director	The Company - founder Huei De Company - Chairman YouBike - Chairman Cycling Life-Style Foundation - Chairman	Director Director	LIU, YUON- CHAN (Young Liu) YANG,HUAI- CHING	Father and son Son in Law	None
Director	Taiwan	THO, TZU CHIEN	Male	2021.07.08	2021.07.08	3 years	3,302,895	0.88	3,693,827	0.94					University of Georgia, Ph.D Philosophy University of Milan Researcher	University of Bristol Lecturer	Director Director representive	THO, TU HSIU- CHEN (Bonnie Tu) — THO, TZU SING	Mother and son Brothers	None
Director	Taiwan	CHIU, TA-PENG	Male	1997.07.30	2021.07.08	3 years	4,491,928	1.20	4,395,707	1.12	1,000,046	0.26	-	-	Business Administration, Tamshui 3-year College The Company - Vice President Operations Audit Office - Vice President	Giant Sales – Chairman D. Mag Technology Company – Director YouBike - Supervisor	—	—	—	None
Director	Taiwan	YANG, HUAI-CHING	Male	2006.07.30	2021.07.08	3 years	4,749,764	1.27	6,454,980	1.65	30,000	-	-	-	Kaohsiung Medical University School of Medicine Pharmigene Inc. - Director Mackay Memorial Hospital - Chief Physician	Huai-Ching Yang ENT Clinic - Chief Physician	Director Director	LIU, CHIN-PIAO (King Liu) LIU, YUON- CHAN	Father in law Brother in law	None



Title (Note 1)	Nation-ality or place of registr-ation	Name	Gender	Date first elected (Note 2)	Date elected	Term	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements (Note 3)	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks (note4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	Taiwan	CHIU, TA-WEI	Male	2018.06.22	2021.07.08	3 years	1,033,772	0.28	1,071,257	0.27	86,516	0.02			Chung Yuan Christian University School of Department of Chemical Engineering Yungshin Pharm Ind. Co. Ltd - Technician	Huei De - Director				None
Independent Director	Taiwan	HO, CHUN-SHENG	Male	2021.07.08	2021.07.08	3 years	-	-	-	-	-	-	-	-	Tatung University School of Department of Electrical Enginnering ADVANTECH CO., LTD. Global General Manager / General Manager of China	ADVANTECH CO.,LTD, - Director Advantech Beijing-Director Advantech Japan (AJP), Unabiz Pte Ltd - Director				None
Independent Director	Taiwan	CHEN, HONG-SO (Hilo Chen)	Male	2015.06.25	2021.07.08	3 years	-	-	-	-	-	-	-	-	EMBA, National Taiwan University E-life Mall Co., Ltd-Director GGA Co., Ltd., Sercomm Co., Ltd., Spirox. Co., Ltd. - Independent Director	OneAD - Founder and Chairman China Chemical & Pharmaceutical Co., Ltd., YAGEO Co., Ltd., Momo.com Inc.- Independent Director				None
Independent Director	Taiwan	LO, JUI-LIN	Male	2018.06.22	2021.07.08	3 years	-	-	-	-	-	-	-	-	Chung Yuan Christian University School of Department of Accounting Deloitte & Touche - Partner CPA	Cheng-Hsu accountancy firms - Managing CPA Taiean Paiho Co., Ltd., WFE Co., Ltd. - Independent Director				None

Note 1: For corporate shareholders, the names and representatives are stated individually (for representatives, the names of the respective corporate shareholders they represent are stated separately), and additional disclosures are made in Table 1.

Note 2: Please list actual ages and express them in intersectional manner, e.g. 41-50 years old or 51-60 years old. (Listed in the core competence of directors)

Note 3: Any disruption of duty as a director or supervisor after the date first elected is addressed in a separate remark.

Note 4: The work experience of anyone above relating to their current roles, e.g., previous employment in the CPA firm or employment in an affiliated company, are disclosed with detailed job titles and responsibilities.

Note 5: Where the Company's Chairperson and President or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g. increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers): None.



Core competence of directors

Age/Item Name of Director	Age	Seniority of Independent Director	Business Judgement	Accounting and Financial Analysis	Operation Management	Crisis Management	Industry Knowledge	Global Market Perspective	Leadership and Decision Making
THO, TU HSIU-CHEN (Bonnie Tu)	above 70		✓	✓	✓	✓	✓	✓	✓
LIU, YUON-CHAN (Young Liu)	61 to 70		✓	✓	✓	✓	✓	✓	✓
Kinabalu Holding Company representative, THO, TZU SING	under 60		✓		✓	✓		✓	✓
LIU, CHIN-PIAO (King Liu)	above 70		✓	✓	✓	✓	✓	✓	✓
CHIU, TA-PENG	above 70		✓	✓	✓	✓	✓	✓	✓
YANG, HUAI-CHING	61 to 70		✓		✓	✓	✓	✓	✓
CHIU, TA-WEI	under 60		✓		✓	✓	✓	✓	✓
THO, TZU-CHIEN	under 60		✓		✓	✓		✓	✓
CHEN, HONG-SO (Hilo Chen) (Independent Director)	61 to 70	6 to 9 years	✓	✓	✓	✓	✓	✓	✓
LO, JUI-LIN (Independent Director)	under 60	3 to 6 years	✓	✓	✓	✓		✓	✓
HO, CHUN-SHENG (Independent Director)	61 to 70	Under 3 years	✓	✓	✓	✓	✓	✓	✓

\* The Company values board diversity as stated in the “Director Election Procedures” and Article 20 of the “Corporate Governance Principles”. The “Core competence of directors” above lists the main expertise of directors. The 11 directors of the 17th Board as a whole have skills in business judgement, operation management, crisis management, global market perspective, leadership and decision-making as well as professional knowledge and expertise. Seven of the directors have accounting or finance expertise, while four of them have cycling industry knowledge. There are five directors with operation management skills of different industries as well as expertise across technology and medical fields (Including information, medical science, philosophy, chemical engineering, electrical engineering and business administration). They can offer unique recommendations to our operation, achieving diversity and satisfying needs for business developments. We will constantly revise our diversity policy to emphasis professional knowledge and relevant skills.

\* There are 2 directors (18%) who are also employees of the Company (where the Chairperson and President are not the same person nor spouse or relative within one degree of kinship to each other), three independent directors (27%), one female director (9%), 1 corporate director (9%), and 2 directors with foreign nationality (18%). As for the age distribution of the Board, 3 directors are above 70 years old, while 4 of them are between 60 to 70 years old and 4 directors are under 60 years old.

\* Thus, the Board members are diverse in terms of gender, age, nationality and independence. Professional backgrounds of Board members include medical science, philosophy, chemical engineering, business management, information management and accounting with core competencies ranging from management, accounting and financial analysis, industry knowledge to global market perspective. There are directors of ROC and foreign nationalities across different age groups. There is also one female director.

\* Diversity targets: Gender: At least one female director; Professional background: At least one director with accounting or financial expertise and one director from non-cycling industry; Independence: At least three directors.

Major shareholders of corporate shareholders

As of March 30, 2023

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholder (Note 2)
Kinabalu Holding Company	THO, TU HSIU-CHEN (Bonnie Tu)

Note 1: For representatives of corporate shareholders, the names of the corporate shareholders and their shareholders with more than 10% ownership or their top-10 shareholders shall be specified.

Note 2: If the corporate shareholder's major shareholder is also a representative of another corporate shareholder, the name of the 2nd-tier corporate shareholder shall be specified and Table 2 below shall be filled in.

Note 3: For corporate shareholders of a non-company organization, the names and shareholding percentages of shareholders to be disclosed shall be the names of capital contributors or endowers (information is available at the public announcement inquiry section at the website of Judicial Yuan) with their percentages of contribution or endowment. Where the endower has passed away, please mark “deceased” .

Corporate shareholder's major shareholders who represent another corporate shareholders : None.

Professional qualifications of directors and independence status of independent directors:

Name	Criteria	Professional Qualifications and Experiences (Note 1)	Independence Status (Notes 1 & 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
THO, TU HSIU-CHEN (Bonnie Tu)		Once served as the executive vice president and CFO of the Group, she has experience in finance and procurement and successfully executes the IPO of the Company. She is in charge of the business development and global financial strategies of the Giant Group. As the founder of female-specific cycling brand, Liv, she is committed to the evolution of female cycling. In 2020, she ranked 28th in the 50 most influential people in cycling of UK’s Cycling News.	Meet (5)(6)(7)(8)(9)(11)(12)	—
LIU, YUON-CHAN (Young Liu)		Once served as the COO of the Group (and president of the China region), he has experience in product planning, brand marketing and channel establishment. Being the pioneer to set up factories and manage our market in China, he led a team to explore new territory and lay the foundation. He is now a director of Taiwan Bicycle Association and Cycling Life-Style Foundation, contributing to the cycling industry developments in Taiwan. He won the National Outstanding CEO Award in 2019, and the 16th National Distinguished Accomplishment Award of Chinese Professional Management Association in 2022.	Meet (5)(6)(7)(8)(9)(11)(12)	—
Corporate Representative of Kinabalu Holding Company - THO, TZU-SING		Once the founder of a wheelset brand company and a director of other investment companies, he has expertise in operation management.	Meet (1)(2)(5)(6)(7)(8)(9)(11)	—
LIU, CHIN-PIAO (King Liu)		Once the founding director of Taiwan Bicycle Association, he established the Giant Manufacturing Co., Ltd. in 1972. With endless contributions to the cycling industry in Taiwan, his commitment to develop a proprietary brand brings Taiwan to the world stage. He is also devoted to having the world embracing the cycling culture. Among the numerous honors received, there were the “Special Contribution for the Promotion of Taiwan’s International Brand” from the Ministry of Economic Affairs in 2004, “People of the Year” by Bicycle Retailer & Industry News in 2009, 9th National Distinguished Accomplishment Award in 2015 and the UN World Bicycle Day Award – Special Lifetime Achievement Award in 2022.	Meet (1)(5)(6)(7)(8)(9)(11)(12)	—
CHIU, TA-PENG		Once the head of product technology division and director of general affairs department. He has 17 years of experience in internal audit, specializing in internal management. After 40 years in the cycling industry, he has vast industry experience.	Meet (1)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	—

Name	Criteria	Professional Qualifications and Experiences (Note 1)	Independence Status (Notes 1 & 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
YANG, HUA-CHING		Graduated from Kaohsiung Medical University, he once served as a director in a biotechnology company with expertise in operation management.	Meet (1)(2)(3)(5) (6)(7)(8) (9)(11)(12)	—
CHIU, TA-WEI		Once served as a technician in a pharmaceutical company and a director in other investment companies, he has expertise in operation management.	Meet (1)(2)(3)(4) (5)(6)(7)(8) (9)(10)(11)(12)	—
THO, TZU-CHIEN		He has studied philosophy in the U.S., Italy and Germany with a Doctor of Philosophy degree and has global market perspectives. He is currently a lecturer at University of Bristol in England with global perspective and leadership experience.	Meet (1)(2)(3)(5) (6)(7)(8) (9)(11)(12)	—
CHEN, HONG-SO (Hilo Chen) (Independent Director)		Once the president, COO or CTO in Systex, Yahoo, Kimo, IBM, Microsoft, Motorola, Oracle and Novell, his expertise lies in IT industry. He is currently the chairperson of his own company and has comprehensive experience in management, operation and crisis management.	Meet (1)(2)(3)(4) (5)(6)(7)(8) (9)(10)(11)(12)	3
LO, JUI-LIN (Independent Director)		With many years of experience as a CPA, he has engaged with numerous industries and his expertise lies in finance and accounting. He has comprehensive experience in management, operation and financial management.	Meet (1)(2)(3)(4) (5)(6)(7)(8) (9)(10)(11)(12)	2
HO, CHUN-SHENG (Independent Director)		Being a co-founder of Advantech Co., Ltd., he has long been dedicated to global marketing, brand and operation management of Advantech and initiated plans for realizing the corporate vision of Enabling an Intelligent Planet to accelerate Advantech's progress in IoT. These actions have driven Advantech to ranked among the top five global brands for consecutive years since 2004. He has comprehensive experience in management, operation and crisis management.	Meet (1)(2)(3)(4) (5)(6)(7)(8) (9)(10)(11)(12)	0

Note 1: Professional qualifications and experiences: Describe the professional qualifications and experiences of individual director and supervisor. For Audit Committee members with accounting or finance expertise, relevant background and work experience shall be stated. Also, clarify if conditions set out in Article 30 of the Company Act exist. (Please disclose relevant information in the table above for conditions satisfied.)

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. (Not applicable in cases where the person is an independent director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)
- (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 one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding subparagraph (1), or of any of the above persons in the preceding subparagraphs (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representatives serving as director or supervisor of the Company based on Paragraph 1 or 2, Article 27 of the Company Act. (Not applicable in cases where the person is an independent director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)
- (6) Not a director, supervisor, or employee of a company whose majority of directorships or voting rights are controlled by a shareholder who also controls the majority of directorships or voting rights of the Company. (Not applicable in cases where the person is an independent director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

- (7) Not a director, supervisor or employee of a company or institution whose chairperson, president, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company. (Not applicable in cases where the person is an independent director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)
- (9) Not a professional individual who, nor an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or its affiliates, or provides commerce, law, finance, accounting or related services to the Company or its affiliates with a cumulative compensation under NT\$500,000 in the past two years, nor a spouse thereof. However, this requirement is not applicable where members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Acquisition perform duties pursuant to laws and regulations in association with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a spouse or a relative within the second degree of kinship to any other director of the Company.
- (11) Not being a person of any conditions defined in Article 30 of the Company Act.
- (12) Not elected as a governmental, juridical person or representative thereof as defined in Article 27 of the Company Act.

Note 2: The independence of independent directors shall be described. Relevant criteria include but not limited to whether the independent director, his/her spouse, and relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliates; the number of the Company's shares held by the independent director, his/her spouse, and relatives within the second degree of kinship (or by nominee arrangement) and the percentages; whether they are directors, supervisors or employees of companies having specific relationship with the Company (please refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) and the amount of compensation for provision of commerce, law, finance, accounting or related services to the Company or its affiliates in the past two years.



(2) Background information of the President, Vice Presidents, Assistant Vice Presidents, and heads of departments and branch offices

March 30, 2023

Title (Note 1)	Nation	Name	Gender	Date elected/ appointed	Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements (Note 2)	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remarks (note3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO	Taiwan	LIU,YUON-CHAN (Young Liu)	Male	2017.01	16,296,026	4.16	-	-	-	-	MBA, Roosevelt University The Company - COO	CEO of Greater China Region Giant Investment Co., Ltd., - President CEO D. Mag Technology Co., Ltd Giant (Japan), DARZINS – Director AIPS Technology Co., Ltd. – Chairperson	-	-	-	-
Head of Global Manufacturing Center	Taiwan	YEN,CHING-HSIN	Male	2016.10	-	-	189,532	0.05	-	-	Department of Industrial Engineering and Enterprise Information, Tunghai University Taiwan Plant President CEO	Giant (China) Co., Ltd., Giant (Tianjin) Co., Ltd, Giant Kunshan, Giant Europe Mfg., Giant Hungary Mfg., D. Mag Technology Co., Ltd. and Giant Vietnam Manufacturing Ltd.- Director	-	-	-	-
Head of Global R&D center	Taiwan	CHANG,SHENG-CHANG	Male	2016.10	-	-	103,828	0.03	-	-	Chemical Engineering, Ta Hwa 5-year College Technology R&D Center - Manager	None	-	-	-	-
Global Chief of Finance	Taiwan	WANG,PI-YU	Female	2017.09	-	-	-	-	-	-	Master in Accounting, Oklahoma City University Global Finance Center -Manager	Giant Canada, Giant US, Giant France, Giant Australia, Giant Poland, Giant Europe, Giant Korea, Giant Germany, Giant Europe Mfg., Giant UK, Giant Hungary Mfg., Giant Vietnam Manufacturing Ltd., and Giant Italy- Director	-	-	-	-
Chief Operating Officer of HPB Division	Taiwan	CHEN,GUEI-YAO	Male	2021.01	-	-	60,456	0.02	-	-	Electronic,Mingshin 5-year College Giant Electric Vehicle (Kunshan) Co., Ltd.- President	Giant Electric Vehicle (Kunshan) Co., Ltd.-Director	-	-	-	-

Note 1: Includes background information of the President, Vice Presidents, Assistant Vice Presidents, heads of various departments and branches, and anyone of equivalent authority to the above, regardless of their job titles.

Note 2: The work experiences of anyone above relating to their current roles, e.g., previous employment in the CPA firm or employment in an affiliated company, are disclosed with detailed job titles and responsibilities. The Company does not issue employee options and restricted employee shares

Note 3: Where the Company's President or personnel with equivalent position (chief manager) and Chairperson are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g. increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers): None.

### 3. Remuneration to directors, supervisors, President, and Vice Presidents

#### (1) Directors' remuneration

Unit: NTD thousands

Title	Name (Note)	Directors' remuneration								Compensation as company employee								The sum of A, B, C, D, E, F, and G as a percentage of net income (Note 10)	Compensation from investments other than subsidiaries (Note 11)			
		Compensation (A) (Note 2)		Pension (B) (Note 2)		Director remuneration (C) (Note 3)		Fees for services rendered (D) (Note 4)		The sum of A, B, C, and D as a percentage of net income (Note 10)		Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)					
Chairperson	THO, TU HSIU-CHEN (Bonnie Tu)	3,600	3,600	0	0	30,473	30,473	50	50	34,123 0.58%	34,123 0.58%	8,688	8,688	0	0	32,773	0	32,773	0	75,584 1.29%	75,584 1.29%	0
Director	LIU, YUON-CHAN (Young Liu)	1,800	1,800	0	0	17,413	17,413	50	50	19,263 0.33%	19,263 0.33%	10,307	10,307	0	0	31,615	0	31,615	0	61,185 1.05%	61,185 1.05%	0
Director	Kinabalu Holding Company(Note)	1,800	1,800			17,413	17,413	50	50	19,263 0.33%	19,263 0.33%	0	0	0	0	0	0	0	0	19,263 0.33%	19,263 0.33%	0
Director	LIU, CHIN-PIAO (King Liu)	1,800	1,800	0	0	17,413	17,413	50	50	19,263 0.33%	19,263 0.33%	0	0	0	0	0	0	0	0	19,263 0.33%	19,263 0.33%	0
Director	THO, TZU CHIEN	1,800	1,800	0	0	17,413	17,413	50	50	19,263 0.33%	19,263 0.33%	0	0	0	0	0	0	0	0	19,263 0.33%	19,263 0.33%	0
Director	CHIU, TA-PENG	1,800	1,800	0	0	17,413	17,413	50	50	19,263 0.33%	19,263 0.33%	0	0	0	0	0	0	0	0	19,263 0.33%	19,263 0.33%	0
Director	YANG, HUAI-CHING	1,800	1,800	0	0	17,413	17,413	50	50	19,263 0.33%	19,263 0.33%	0	0	0	0	0	0	0	0	19,263 0.33%	19,263 0.33%	0
Director	CHIU, TA-WEI	1,800	1,800	0	0	17,413	17,413	50	50	19,263 0.33%	19,263 0.33%	0	0	0	0	0	0	0	0	19,263 0.33%	19,263 0.33%	0
Independent Director	HO, CHUN-SHENG(Note)	3,000	3,000	0	0	0	0	50	50	3,050 0.05%	3,050 0.05%	0	0	0	0	0	0	0	0	3,050 0.05%	3,050 0.05%	0
Independent Director	CHEN, HONG-SO (Hilo Chen)	3,000	3,000	0	0	0	0	50	50	3,050 0.05%	3,050 0.05%	0	0	0	0	0	0	0	0	3,050 0.05%	3,050 0.05%	0
Independent Director	LO, JUI-LIN	3,000	3,000	0	0	0	0	50	50	3,050 0.05%	3,050 0.05%	0	0	0	0	0	0	0	0	3,050 0.05%	3,050 0.05%	0

1. Please state the policy, system, standard and structure of remuneration to independent directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment:

Article 24 of the Articles of Incorporation: Remuneration to director is paid on a monthly basis. The Board is authorized to determine the amount of remuneration based on the involvement of directors in the business operation of the Company and their contributions to the Company. There are also the “Methods for Performance Evaluation of the Board of Directors” in place. To implement corporate governance and enhance Board functions, the Company has formulated the “Methods and Procedures for Performance Evaluation of the Board of Directors”, whereby internal assessments on the Board shall be conducted at least annually and assessments by external independent institutions shall be carried out at a minimum of every three years. Since self-assessments on the Board and Board members were conducted for 2020 and 2021, assessments were performed by an external institution in 2022. The outcome of 2022 assessment conducted by the external institution showed that operation of the Board as a whole was sound. No director was found to be underperforming to the degree that his/her remuneration and compensation needed to be reevaluated.

2. Except those disclosed in the above table, compensations received by directors for providing services (e.g., being a non-employee consultant to the parent company/entities in the financial statements/investees) in the most recent year: None.

Note 1: Directors’ names shall be presented separately (for corporate shareholders, the name of the corporate shareholder and its representative shall be stated separately) with indications on whether they are directors or independent directors. Amount of benefits and allowances is presented in aggregate. Directors who also serve as the President or Vice President are disclosed in this table and Table (3-1) below, or Table (3-2-1) and (3-2-2) below.

Note 2: Remuneration to directors (including salaries, differential pay, severance pay, various bonuses and incentive pays) in the most recent year.

Note 3: Compensation to directors approved by the Board in the most recent year.

Note 4: Expenses and perquisites of directors (including travel allowance, special disbursement, various allowances, and payment in kind such as accommodations or vehicles, etc.) in the most recent year. For provision of housing, cars or other transportation means or specific personal expenses, the nature and cost of the assets provided as well as rents, fuel expense and other payments calculated based on the actual or fair market prices shall be disclosed. If a driver is assigned, please indicate payments made by the Company to the driver in the note section. However, this part is excluded from the remuneration.

Note 5: Remuneration received by directors for concurrently serving as an employee (including serving as a President, Vice President, other managerial officer, or employee) of the Company in the most recent year, such as salaries, differential pay, severance pay, various bonuses, incentive pays, travel allowance, special disbursement, various allowances, and payment in kind such as accommodations or vehicles, etc. For provision of housing, cars or other transportation means or specific personal expenses, the nature and cost of the assets provided as well as rents, fuel expense and other payments calculated based on the actual or fair market prices shall be disclosed. If a driver is assigned, please indicate payments made by the Company to the driver in the note section. However, this part is not included in the remuneration. Also, salary expenses recognized pursuant to IFRS 2 “Share-based Payment” shall include employee stock options, employee restricted stocks and shares subscribed for cash capital increase.

Note 6: Compensation to employees approved by the Board in the most recent year shall be disclosed for compensation (including stocks and cash) received by directors for concurrently serving as an employee of the Company (including serving as a President, Vice President, other managerial officer, or employee) in the most recent year. If the amount cannot be estimated, the amount may be proposed this year is calculated based on the percentage of actual amount last year and Table (1-3) shall be completed.

Note 7: The sum of compensation paid by all entities in the consolidated financial report (including the Company) to the Company’s directors shall be disclosed.

Note 8: Names of the directors are disclosed in the appropriate range based on the sum of compensation paid by the Company.

Note 9: The sum of compensation paid by all entities in the consolidated financial report (including the Company) to each director of the Company. Names of the directors are disclosed in the appropriate range based on the sum of compensation.

Note 10: Net income refers to net income in the parent company only or individual financial reports of the most recent year.

Note 11: a. Please fill in the amount of compensation received by the Company’s director from investees other than the subsidiaries or the parent company. (Please fill in “None” where there is no such compensation.)

b. If the Company’s director received compensation from investees other than the subsidiaries or the parent company, the amount received shall be included in column I and the name of the column shall be changed to “Parent Company and All Investees”.

c. Compensation refers to rewards and payments (including compensation to employees and remuneration to directors and supervisors) and allowances received by the Company’s director for being a director, supervisor or managerial officer in investees other than the subsidiaries or the parent company.

\* Remuneration disclosed in the table differs from the concept of income defined in the Income Tax Act. Thus, this table is used for information disclosure, not for tax purposes.

(2) Remuneration to the President and Vice Presidents

Unit: NTD thousands

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances etc (C) (Note 3)		Employee remuneration (D) (Note 4)				The sum of A, B, C, and D as a percentage of net income (%) (Note 8)		Compensation from investments other than subsidiaries (Note 9)		
		The Company	All companies included in consolidated statements (Note 5)	The Company	All companies included in consolidated statements (Note 5)	The Company	All companies included in consolidated statements (Note 5)	The Company	All companies included in consolidated statements (Note 5)	The Company	All companies included in consolidated statements (Note 5)	The Company	All companies included in consolidated statements (Note 5)			
CEO	LIU, YUON-CHAN (Young Liu)	7,000	7,000	0	0	10,489	10,489	48,861	0	48,861	0	66,350	1.14%	66,350	1.14%	0
Head of Global Manufacturing Center	YEN, CHING-HSIN															

\* Disclosure is mandatory for persons who hold positions equivalent to a President or Vice President (e.g., group president, CEO, general manager etc).



Remuneration brackets table

Amount range	Name	
	The Company(Note 6)	All companies included in consolidated statements (Note 7)
Below NT\$1 million		
NT\$1 million (inclusive) ~ NT\$2 million (exclusive)		
NT\$2 million (inclusive) ~ NT\$3.5 million (exclusive)		
NT\$3.5 million (inclusive) ~ NT\$5 million (exclusive)		
NT\$5 million (inclusive) ~ NT\$10 million (exclusive)		
NT\$10 million 元 (inclusive) ~ NT\$15 million (exclusive)		
NT\$15 million (inclusive) ~ NT\$30 million (exclusive)	YEN, CHING-HSIN	YEN, CHING-HSIN
NT\$30 million (inclusive) ~ NT\$50 million (exclusive)	LIU, YUON-CHAN (Young Liu)	LIU, YUON-CHAN (Young Liu)
NT\$50 million (inclusive) ~ NT\$100 million (exclusive)		
NT\$100 million and above		
TOTAL		

Note 1: The names of President and Vice Presidents are presented separately; the amount of payment is presented in aggregate sums. Any directors who co-headed the President or Vice President positions are disclosed in this table and the previous one

Note 2: Refers to salaries, allowances, and severance pay made to the President and Vice Presidents in the last year.

Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits made to the President and Vice Presidents. Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, a footnote disclosure explaining the amount of salaries made to drivers is provided; these salaries do not count towards remuneration paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS2 - "Share-based Payment." Amounts including employee stock options, restricted employee shares and subscription to cash issues are treated as remuneration.

Note 4: Represents the amount of employee compensation provided for the President and Vice Presidents (in cash or in shares), which the board of directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Table 1-3 has been prepared in addition to the above details. Net income refers to that in the most recent year. If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the latest financial reports of the consolidated/standalone entity.

Note 5: Remuneration is presented in aggregate of all amounts paid by all companies covered by the consolidated financial statements (including the Company) to the Company's President/Vice Presidents.

Note 6: The amount of remuneration made by the Company to its President/Vice Presidents has been disclosed separately in ranges.

Note 7: The disclosure includes the sum of amounts paid by the consolidated entity (including the Company) to the Company's President/Vice Presidents; the names of President/Vice Presidents have been disclosed separately in ranges.

Note 8: Net income refers to that in the most recent year. If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the latest financial reports of the consolidated/standalone entity.

Note 9: a. This field includes all forms of remuneration that the President and Vice Presidents received from the Company's invested businesses other than subsidiaries.

b. For President/Vice Presidents who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses have been added to column E of the remuneration brackets table. In which case, column E will be renamed "...all invested businesses..."

c. Remuneration refers to any returns, compensation (including compensations received as an employee, director and supervisor) and professional service fees that the Company's President/Vice Presidents received for serving as directors, supervisors or managers in invested businesses other than subsidiaries.

\* The basis of remuneration disclosed above is different from the basis of the income tax law; hence, the above table has been prepared solely for information disclosure, and not for tax purposes.

Managers receiving employee remuneration and details of remuneration received

Unit: NTD thousands

Title (Note 1)	Name (Note 1)	Amount of remuneration paid in shares (Note 2)	Amount of remuneration paid in cash (Note 2)	Total	Total as a percentage of net income (%)
CEO	LIU, YUON-CHAN (Young Liu)				
Head of Global Manufacturing Center	YEN, CHING-HSIN				
Head of Global R&D	CHANG, SHENG-CHANG	0	90,372	90,372	1.55%
Chief of Finance	WANG, PI-YU				
Head of HPB	CHEN, KUEI-YAO				
Head of Accounting	PAN, CHIAO-LI				
Corporate Governance Officer	LIU, CHIA-CHIEH				

Note 1: Names and titles have been disclosed separately, whereas the amount of remuneration has been disclosed in aggregate.

Note 2: Refers to the amount of employee compensation provided for managers (in cash or in shares), which the board of directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Net income refers to that in the most recent year. If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the latest financial reports of the consolidated/standalone entity.

Note 3: According to Letter No. Tai-Cai-Zheng-3-0920001301 dated March 27, 2003, the following managerial roles are subject to reporting:

- (1) President or other position of equivalent grade
- (2) Vice President or other position of equivalent grade
- (3) Assistant Vice President or other position of equivalent grade
- (4) Head of finance
- (5) Head of accounting
- (6) Any other signatories involved in the Company's administrative affairs

Note 4: For directors, President and Vice Presidents who receive employee remuneration (in cash or in shares), details have been disclosed in this table in addition to Table 1-2.

(3) Amount of remuneration paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President, and Vice Presidents, and their respective proportions to standalone and consolidated net income, as well as the policies, standards, and packages by which they were paid, the procedures through which remunerations were determined, and their association with business performance and future risks.

Percentage of net income paid by the Company and all companies included in the consolidated financial statements as remuneration to the Company's directors, supervisors, the President, and Vice Presidents.

Title	Year 2021	Year 2022
Directors	4.66%	4.90%
President and Vice Presidents		

1. The Company's directors and supervisors are paid travel allowances for meetings actually attended. The travel allowance amounted to NT\$10,000 per person, per session.

2. According to Article 27 of the Articles of Incorporation. The actual amount depends on operating performance.

3. The board of directors is in constant discussion about changes in the business environment and monitors the latest industry trends. Response measures will be taken if necessary to avoid risks that may adversely affect the bicycle industry or the Company's operations.

4. For those who only get fixed remuneration such as travel expenses or attendance fees without variable ones, the remuneration and performance are irrelevant.

## 4. Corporate governance

### (1) Operation of the Board

A total of seven (A) Board meetings were held in 2022. Attendance records of the directors are as follows:

Title	Name (Note 1)	Actual attendance B	Attendance by proxy	Actual attendance rate (%) [B/A] (Note 2)	Remarks
Chairperson	THO, TU HSIU-CHEN (Bonnie Tu)	7	0	100%	
Director	LIU, YUON-CHAN (Young Liu)	7	0	100%	
Director	Kinabalu Holding Company	6	1	85%	
Director	LIU, CHIN-PIAO (King Liu)	5	1	71%	Asking for leave once
Director	THO, TZU-CHIEN	6	0	85%	Asking for leave once
Director	CHIU, TA-PENG	7	0	100%	
Director	YANG, HUAI-CHING	7	0	100%	
Director	CHIU, TA-WEI	7	0	100%	
Independent Director	HO, CHUN-SHENG	7	0	100%	
Independent Director	CHEN, HONG-SO (Hilo Chen)	7	0	100%	
Independent Director	LO, JUI-LIN	7	0	100%	

Other remarks:

- For Board meetings with one of the following circumstances, state the date, session, content of motions, independent directors' opinions and actions taken regarding such opinions: Please refer to the "Major resolutions of Board meeting" in this annual report.
  - Circumstances set out in Article 14-3 of the Securities and Exchange Act.
  - Except for items specified above, other resolutions on which an independent director expresses objection or reservation, either by recorded statement or in writing.
- For situations where directors recuse themselves from any motion due to conflict of interest, the directors' names, content of motions, causes for the recusal, and participation in voting shall be specified:
  - 1st special meeting of the 17th Board: Proposal concerning the additions of two items to the undertakings issued for the listing of the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., at the stock exchange in China. Except for Board members who were related parties or recused themselves from the discussion due to conflict of interest, the motion was passed as proposed by all other directors.
- The frequency, period, scope, method, and details for self (or peer) performance evaluation of the Board shall be disclosed by TWSE/TPEX-listed companies and Table 2(2) Implementation of Board performance evaluation" shall be completed.
  - Frequency: Annually
  - Period: January 1, 2022 to December 31, 2022
  - Scope: Individual Board members, the entire Board and functional committees
  - Method: Internal self-evaluations of the Board, Board members, Audit Committee and Remuneration Committee

Title	Name (Note 1)	Actual attendance B	Attendance by proxy	Actual attendance rate (%) [B/A] (Note 2)	Remarks
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(5) Details:

- Performance evaluation of individual Board member: It covered the following six aspects: (1) Familiarity with the Company's goals and missions; (2) Understanding of director's duties; (3) Level of participation in the Company's operation; (4) Management of internal relationship and communication; (5) Professionalism and continuing education of directors; and (6) Internal control.
- Performance evaluation of the Board: It covered the following five aspects: (1) Level of participation in the Company's operation; (2) Improvement on the quality of Board's decisions; (3) Composition and structure of the Board; (4) Election and continuing education of directors; and (5) Internal control.
- Performance evaluation of Audit Committee and Remuneration Committee: It covered the following five aspects: (1) Level of participation in the Company's operation; (2) Understanding of functional committees' duties; (3) Quality of functional committees' decisions; (4) Composition of the functional committees and election of members; and (5) Internal control.
- The Company engaged an external institution to perform the 2022 external Board performance evaluation in December 2022 as a performance-oriented external evaluation. Method adopted included document reviews, self-evaluation of directors and the unit responsible for the Board meeting as well as interviews with directors on the three dimensions of Structure, People, and Process and Information. The scope encompassed the following eight elements: the structure and process of the Board, members of the Board, legal entities and organizational structure, roles and responsibilities, behaviors and culture, training and development of directors, oversight on risk control and oversight on filing, disclosure and performance. Evaluation outcome is rated as: Basic (comply with basic requirements of the competent authorities and laws and regulations), Advanced (not only comply with basic requirements of the competent authorities and laws and regulations but also has its own set of effective practices or take the initiatives to improve the performance of the dimension), and Benchmark (the practice not only exceeds the basic requirements of the competent authorities and laws and regulations but also can serve as the benchmark). The Giant Group rated "Advanced" for the comprehensive evaluation on Board Structure, People, and Process and Information. Opinions are summarized as follows: The Giant Group has a complete Board operation system and establishes a culture of openness and honesty for Board members to apply their expertise for business needs. The Company is also committed to Board diversity, enhancing Board decisions with diverse professional backgrounds and experiences. The Company's performance in terms of Structure, People, and Process and Information was rated "Advanced" upon the comprehensive evaluation. The 2022 evaluation results were reported to the Board on March 10, 2023.
- Objectives of strengthening the functionality of the Board (e.g., to establish an audit committee and to enhance information transparency) in the current year and the most recent year and evaluation on the execution thereof: The Company established the Audit Committee with functions as stipulated in applicable laws and regulations on June 22, 2018. Please refer to "Functionality of the Audit Committee" in this annual report for details. The Company elected three independent directors to be members of the Remuneration Committee on August 6, 2021 as an effort to increase the independence of the Board and functional committees.

Note 1: Where directors and supervisors are corporate entities, the names of corporate shareholders and their representatives shall be disclosed.

Note 2: (1) The date of resignation shall be specified for directors or supervisors who had resigned prior to the end of the financial year. The percentage of actual attendance (%) would be calculated based on the number of Board meetings held and the number of actual attendances during the period of employment.

(2) If a re-election of directors or supervisors had taken place prior to the end of the financial year, both the current and former directors/supervisors shall be listed and identified in the remarks column along with the date of re-election. The percentage of actual attendance (%) would be calculated based on the number of Board meetings held and the number of actual attendances during the period of service at the position.



Independent directors' involvement in board of directors meetings in 2022

●: Actual Attendance   ●: Attendance by proxy   ○: Absence

2022	2022.03.25 17 <sup>th</sup> 5 <sup>th</sup> Meeting	2022.05.11 17 <sup>th</sup> 6 <sup>th</sup> Meeting	2022.06.20 17 <sup>th</sup> 1 <sup>st</sup> Special Meeting	2022.08.05 17 <sup>th</sup> 7 <sup>th</sup> Meeting	2022.09.20 17 <sup>th</sup> 2 <sup>nd</sup> Special Meeting	2022.11.04 17 <sup>th</sup> 8 <sup>th</sup> Meeting	2022.12.16 17 <sup>th</sup> 9 <sup>th</sup> Meeting
LO, JUI-LIN	●	●	●	●	●	●	●
CHEN, HONG-SO	●	●	●	●	●	●	●
HO, CHUN-SHENG	●	●	●	●	●	●	●

(2) Functionality of the Audit Committee:

Audit Committee members

Identity (Note 1)	Name	Criteria			Compliance of independence (Note 2)								Number of positions as Remuneration Committee member in other public companies  Remarks (Note3)	
		Having more than 5 years work experience and professional qualifications listed below	Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the Company's operations in a public or private tertiary institution	Certified judge, prosecutor, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7		8
Independent Director	LO, JUI-LIN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director	CHEN, HONG-SO (Hilo Chen)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Independent Director	HO, CHUN-SHENG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: The "Identity" field describes the party's title as director, independent director, or others.

Note 2: A "✓" is placed in the box below if the member met the following criteria at any time during active duty and two years prior to the date of appointment.

- (1) Not employed by the Company or by any of its affiliated companies.
- (2) Not a director or supervisor of the Company or any of its affiliated companies. This restriction does not apply to independent director positions in the Company, its parent company or subsidiary, which have been appointed in accordance with local laws or laws of the registered country.
- (3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.
- (4) Not a spouse, a relative of second degree or closer, or a direct kin of third degree or closer to anyone listed in the three preceding criteria.
- (5) Not a director, supervisor, or employee of any company that has 5% or higher ownership interest in the Company; nor a director, supervisor, or employee of any of the top-5 corporate shareholders.
- (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company.
- (7) Not a professional who provides commercial, legal, financial, accounting, or consulting services to the Company or its affiliate, 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 services to the Company or its affiliated companies.
- (8) Does not meet any of the conditions stated in Article 30 of The Company Act.

Audit Committee Meeting Status

A total of 7 meetings (A) were held in 2022; attendance records are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A] (Notes 1 and 2)	Remarks
Convener	LO, JUI-LIN	7	0	100%	
Member	CHEN, HONG SO (Hilo Chen)	7	0	100%	
Member	HO, CHUN-SHENG	7	0	100%	

Other remarks:

1. When one of the following situations occurs, the date and session of the Audit Committee meeting; contents of motions; objections, reservations or major recommendations of Independent Directors; resolutions of the Committee and actions taken by the Company regarding the Committee's opinions shall be specified:
  - (1) Matters specified in Article 14-5 of the Securities and Exchange Act: Please refer to the "Resolutions of the Audit Committee in 2022" below.
  - (2) Except for above-mentioned items, resolutions which were not approved by the Audit Committee but was approved by two-thirds or more of all directors: None.
2. For situations where independent directors recuse themselves from any motion due to conflict of interest, the independent directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified: None.
3. Communications between the independent directors, the internal audit supervisor, and CPAs (It shall include material issues concerning the finance and business of the Company, and the means and outcomes of communication):
  - (1) Independent directors and CPAs meet regularly every year. CPAs would report the Company's financial status, the finance and overall operation of subsidiaries both at home and abroad as well as findings from internal audits to the independent directors.
  - (2) The internal audit supervisor meets with independent directors at least once every quarter and reports internal audit findings and operations of internal controls.
  - (3) The internal audit supervisor, CPAs and independent directors can communicate with each other whenever the need arises. They have open communication channels between them.

Note 1: The date of resignation shall be specified for independent directors who had resigned prior to the end of the financial year. The percentage of actual attendance (%) would be calculated based on the number of Audit Committee meetings held and the number of actual attendances during the period of employment.

Note 2: If a re-election of independent directors had taken place prior to the end of the financial year, both the current and former independent directors shall be listed and identified in the remarks column along with the date of re-election. The percentage of actual attendance (%) would be calculated based on the number of Audit Committee meetings held and the number of actual attendances during the period of service at the position.

Operations of Audit Committee: Its main responsibilities are listed as follows:

- (a) To formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (b) To assess the effectiveness of the internal control system.
- (c) To formulate or amend procedures for significant financial or business activities pursuant to Article 36-1 of the Securities and Exchange Act; for example, acquisition or disposal of assets, derivatives transactions, lending funds to other parties, and provision of endorsements or guarantees to other parties.
- (d) Matters involving Directors' personal interests.
- (e) Material asset or derivative instrument transactions.
- (f) Material loans to others or provision of endorsement or guarantees.
- (g) Offering, issuance, or private placement of equity-type marketable securities.
- (h) Appointment, discharge of CPAs or their compensation.
- (i) Appointment or discharge of a financial, accounting, or internal audit officer.
- (j) Annual and semi-annual financial reports.
- (k) Other material matters governed by the Company or the competent authority.

Major Resolutions of 2022 Audit Committee meetings

Date	Major Resolutions	Outcome of Resolution
2022.03.25 4th meeting of the 2nd term	<ol style="list-style-type: none"> <li>Internal audit report of the Company</li> <li>Outcome of 2021 self-evaluation on internal control of the Company</li> <li>Derivative trading of the Company</li> <li>Financial statements for the year ended December 31, 2021 of the Company</li> <li>2021 earnings distribution of the Company</li> <li>Amendments to the Company's "Procedures for Acquisition or Disposal of Assets" and "Procedures for Lending Funds to Other Parties"</li> <li>The issuance of new shares for cash capital increase</li> <li>The issuance of first domestic unsecured convertible bonds</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members</p>
2022.05.11 5th meeting of the 2nd term	<ol style="list-style-type: none"> <li>Financial statements for the first three months ended March 31, 2022 of the Company</li> <li>Internal audit report of the Company</li> <li>Derivative trading of the Company</li> <li>Amendments to the Company's "Procedures for Acquisition or Disposal of Assets" and "Procedures for Handling Internal Material Information"</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members</p>

Date	Major Resolutions	Outcome of Resolution
2022.06.20 1st special meeting of the 2nd term	Proposal concerning the additions of two items to the undertakings issued for the listing of the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., at the stock exchange in China	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members</p>
2022.08.05 6th meeting of the 2nd term	<ol style="list-style-type: none"> <li>Financial statements for the six months ended June 30, 2022 of the Company</li> <li>Internal audit report of the Company</li> <li>Derivative trading of the Company</li> <li>Provision of loans and endorsements and guarantees to the subsidiary, Giant Vietnam Manufacturing Company Limited (GVM)</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members</p>
2022.09.30 2nd special meeting of the 2nd term	Acquisition of land use rights by the subsidiary, Giant Vietnam Manufacturing Co., Ltd.	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members</p>
2022.11.04 7th meeting of the 2nd term	<ol style="list-style-type: none"> <li>Financial statements for the nine months ended September 30, 2022 of the Company</li> <li>Internal audit report of the Company</li> <li>2023 audit plan of the Company</li> <li>Derivative trading of the Company</li> <li>Independence assessments of the Company's CPAs and reviews on audit fee</li> <li>Provision of loans to the subsidiary, AIPS Technology Co., Ltd. (AIPS)</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members</p>
2022.12.16 8th meeting of the 2nd term	<ol style="list-style-type: none"> <li>Internal audit report of the Company</li> <li>Amendments to the Company's "Procedures for Handling Internal Material Information"</li> <li>Formulation of the Company's "Rules Governing the Preparation and Filing of Sustainability Report"</li> <li>Contract negotiation with the Bureau of Singapore Industrial Park for the acquisition of land use rights by the subsidiary, Giant Vietnam Manufacturing Co., Ltd.</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members</p>

**2022 Report on Performance Evaluation Outcomes of the Board, Board Members, Audit Committee and Remuneration Committee**

Giant Manufacturing Co., Ltd. conducted 2022 performance evaluation of the Board pursuant to the “Procedures for Performance Evaluation of the Board of Directors” in order to implement corporate governance and enhance the functions of the Board. Scope of the evaluation included the entire Board, individual Board members, the Audit Committee and the Remuneration Committee. Evaluation methods adopted were internal self-evaluations for the Board, self-evaluations for Board members, and internal self-evaluations for the Audit Committee and the Remuneration Committee.

**Evaluation period:**

January 1 to December 31, 2022

**Scoring standards:**

Evaluation outcomes of items with achievement rates of 90% and above, between 80% (inclusive) and 90% (exclusive), and below 80% are “above standard”, “standard” and “improvement required”, respectively.

**Evaluation procedures:**

The designated unit would collect the self-evaluation questionnaires from the 11 Board members to compile the “summary of 2022 self-evaluation questionnaires for Directors”, as well as the internal self-evaluation questionnaires for the Board, the Audit Committee and the Remuneration Committee. Data are summarized and reported to the Board.

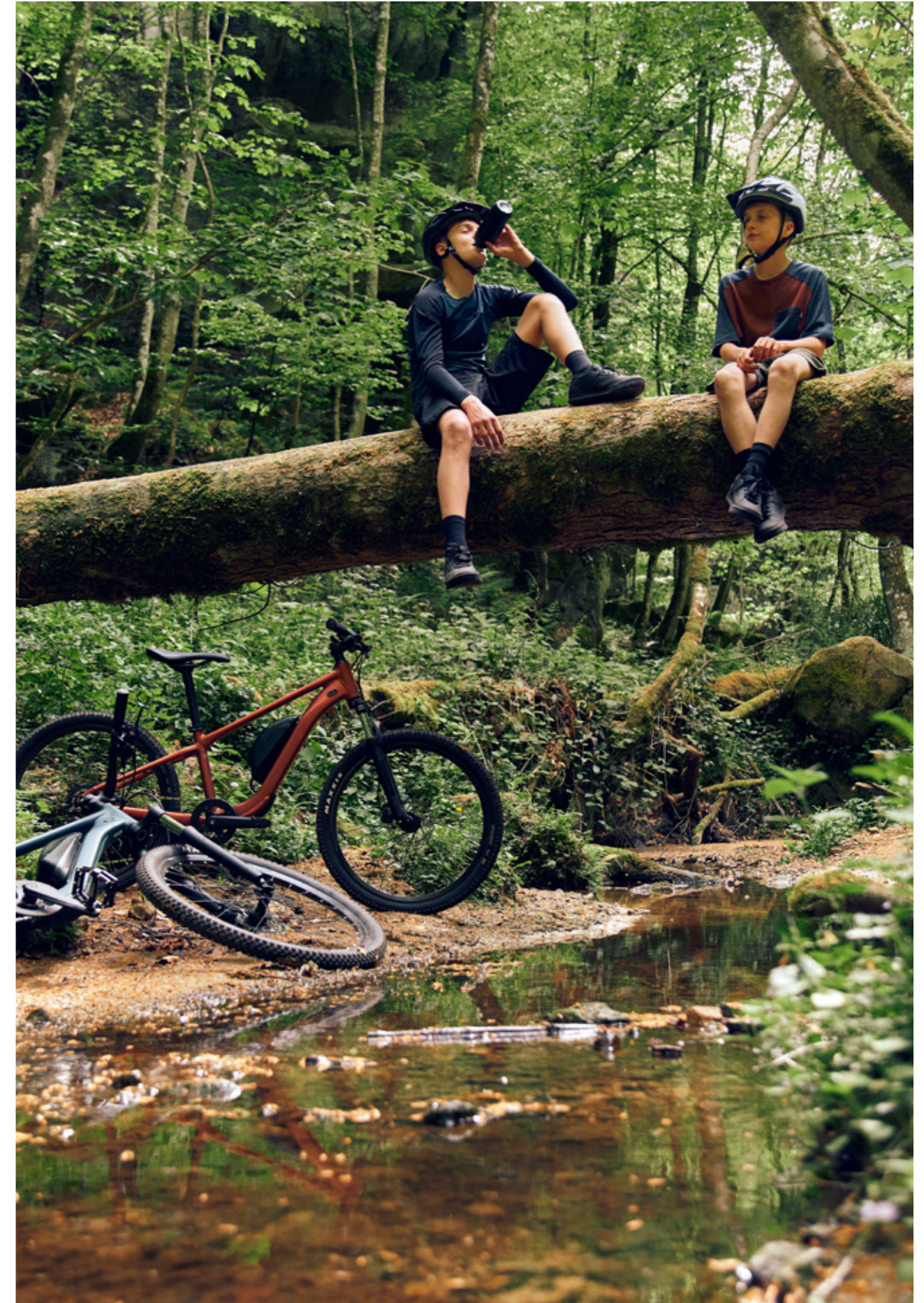
Once the scores from aforementioned procedures were collected and calculated, the evaluation outcome was reported in the Board meeting on March 10, 2023.

**The outcomes of self-evaluation questionnaires are summarized as follows:**

Scope of Performance Evaluation	Outcome
1. Internal performance evaluation of the Board of Directors	Above standard
2. Self-evaluation of Board members	Above standard
3. Internal performance evaluation of the Audit Committee	Above standard
4. Internal performance evaluation of the Remuneration Committee	Above standard

**General comments**

The Board of Directors and functional committees all operated in accordance with relevant laws and regulations and had fulfilled their responsibilities. Therefore, the evaluation outcomes were above standard across the board.



(3) Implementation of Corporate Governance Practices and Non-compliance with Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons:

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
1. Has the Company established and disclosed the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?			The Company has established its own "Corporate Governance Principles". Stakeholders can access the information from the Corporate Governance section at the corporate website.	In compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"
2. Ownership structure and shareholders' rights				
(1) Has the Company established internal operation procedures to handle shareholders' suggestions, concerns, disputes and litigations? If yes, has these procedures been implemented accordingly?	✓		(1) The Company has rules governing matters pertaining to shareholders' services and dedicated personnel to handle shareholders' suggestions and disputes.	No material deviation is found in comparison with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(2) Has the Company possessed a list of major shareholders and ultimate owners of these major shareholders?	✓		(2) The Company has dedicated personnel in charge of the lists of major shareholders and ultimate owners of these major shareholders.	
(3) Has the Company established and implemented risk management and firewall mechanisms between itself and affiliates?	✓		(3) Management rules for operation have been established and implemented at subsidiaries.	
(4) Has the Company established internal rules to prevent insiders from using undisclosed information to trade securities?	✓		(4) The Company has established procedures for internal material information, demanding all insiders to exercise their duties of care and fiduciary as prudent managers, conduct business in line with the principles of good faith, and sign the confidentiality agreements where appropriate.	
3. Composition and responsibilities of the Board of Directors				
(1) Has the Board of Directors established a diversity policy and specific management goals and proceeded accordingly?	✓		(1) The Company has specified the required number of independent directors in the Articles of Incorporation. Candidates outside of the cycling industry have been nominated by the Board and elected in accordance with the Articles of Incorporation. Diversity policy of the Board is detailed in Article 20 of the "Corporate Governance Principles" on the corporate website and the "Core Competence of Directors" is disclosed in this annual report. The Company's Board members are diverse in terms of professional background, gender, age, etc. and satisfy the goal of diversity as well as practical needs for business developments.	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
(2) Other than the Remuneration and Audit Committees which are required by law, has the Company voluntarily set up other functional Committees?	✓		(2) The Company had engaged three experts to form the Remuneration Committee on December 29, 2011, and three independent directors were elected to form the Audit Committee in the annual shareholders' meeting on June 22, 2018.	
(3) Has the Company formulated rules and methods for the performance evaluation of the Board of Directors and carried out the evaluation annually? Is the outcome of performance evaluation submitted to the Board of Directors and used as reference for the remuneration or re-election nomination of individual Director?	✓		(3) The Company has established the "Procedures for Performance Evaluation of the Board of Directors" on November 6, 2015, where a performance evaluation on the Board and its members shall be conducted at least once a year. The Board shall conduct an internal performance evaluation at the end of each year according to the Procedures.	

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
(3) Has the Company formulated rules and methods for the performance evaluation of the Board of Directors and carried out the evaluation annually? Is the outcome of performance evaluation submitted to the Board of Directors and used as reference for the remuneration or re-election nomination of individual Director?	✓		<p>The Company reported the 2022 performance evaluation outcomes of the Board to the Board on March 10, 2023. The evaluation outcomes covered the following five aspects:</p> <ul style="list-style-type: none"> <li>a. Level of participation in the Company’s operation;</li> <li>b. Improvement on the quality of Board’s decisions;</li> <li>c. Composition and structure of the Board;</li> <li>d. Election and continuing education of Directors; and</li> <li>e. Internal control.</li> </ul> <p>f. The evaluation items included:</p> <ul style="list-style-type: none"> <li>g. Familiarity with the Company’s goals and missions;</li> <li>h. Understanding of director’s duties;</li> <li>i. Level of participation in the Company’s operation;</li> <li>j. Management of internal relationship and communication;</li> <li>k. Professionalism and continuing education of directors; and</li> <li>l. Internal control.</li> </ul> <p>Scope of the evaluation included the entire Board, individual Board member, the Audit Committee and the Remuneration Committee. Evaluation methods adopted were internal self-evaluations for the Board, self-evaluations for Board members, and internal self-evaluations for the Audit Committee and the Remuneration Committee. The evaluation outcomes were all above standard and the result was reported to the Board in March 2023.</p> <p>The Company engaged an external institution to perform the 2022 external Board performance evaluation in December 2022. Opinions from the external evaluation were summarized as follows: The Giant Group has a complete Board operation system and establishes a culture of openness and honesty for Board members to apply their expertise for business needs. The Company is also committed to Board diversity, enhancing Board decisions with diverse professional backgrounds and experiences. The Company’s performance in terms of Structure, People, and Process and Information was rated “Advanced” upon the comprehensive evaluation. According to outcome of the 2022 evaluation, the Board delivered a sound performance. No individual director was found to be unfit where remuneration or re-election nomination shall be reconsidered.</p>	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
(4) Has the Company periodically evaluated the independence of its CPAs?	✓		(4) Regular CPA rotation is required to effectively maintain the independence and audit quality of independent auditors. The rotation principle dictates that CPAs shall not be retained by the Company for seven consecutive years and once rotated, they shall not be retained again within five years. The Company assesses the independence of its CPAs annually with assessment results presented to the Audit Committee for approval before submitting to the Board for a resolution. CPAs have conformed to the Company's independence criteria (please refer to the attached "CPAs Independence Assessment Report") to be retained as our CPAs and the CPA firm has issued statements of independence. Corporate governance task force of the Company assesses the audit quality of the CPA firm, e.g., acquiring the firm's Audit Quality Indicators (AQIs) as reference materials for the engagement of and compensation to CPAs by the Audit Committee and the Board. If the audit quality of the CPA firm fails to meet our requirement or is in violation of business ethics, we would contact other accounting firms to provide details and price quotes of their audit services as reference materials for our replacement of CPA firm.	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief governance officer to handle matters pertaining to corporate governance (including but not limited to providing information required for business execution by directors and supervisors, assisting directors and supervisors with regulatory compliance, handling matters pertaining to board meetings and shareholders' meetings according to laws and regulations, producing minutes of board meetings and shareholders meetings, etc.)?	✓		<p>The Company has established a corporate governance task force with members comprise of representatives from the finance, legal affairs, and public relations departments and the corporate governance officer appointed by the Board as its convener. Its main responsibilities are as follows:</p> <ol style="list-style-type: none"> <li>(1) To draft and plan appropriate corporate systems that promote Board independence, information transparency, regulatory compliance, and the implementation of internal audits and controls.</li> <li>(2) To plan and formulate meeting agenda, notify all directors at least seven days prior to the meeting, and provide them with adequate information to facilitate their understanding of the agenda. To give prior reminder of recusal when the motion constituted a conflict of interests and prepare meeting minutes as well as follow up on Board resolutions.</li> <li>(3) To prepare and complete the required public announcements and filings (including the registration of meeting date; material information such as the convention of shareholders' meeting and dividend distribution; and public announcements for meeting notification, handbooks and minutes) according to the schedule of shareholders' meeting.</li> <li>(4) To assist Directors with assuming office and continuing education.</li> <li>(5) Besides annual performance evaluations on individual directors, internal performance evaluations are conducted on the overall operation of the Board.</li> </ol>	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
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5. Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section on the corporate website to address their concerns on major corporate social responsibility issues?	✓		The contact information of spokesperson and relevant departments is available on the corporate website. Also, a stakeholder section has been created to properly address issues concerned by stakeholders (including but not limited to shareholders, employees, customers and suppliers), such as sustainable developments. The Company also communicates with investors and shareholders via investor conferences and with suppliers through the online procurement platform.	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
6. Has the Company appointed a professional shareholder service agency to organize the shareholders' meetings?	✓		The Company has set up a shareholder service unit dedicating to shareholders' affairs and engaged a professional shareholder service agency to assist with the convention of shareholders' meetings.	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
7. Information disclosure				
(1) Has the Company established a corporate website to disclose information regarding the Company's finance, business and corporate governance status?	✓		(1) The Company has set up a corporate website to disclose financial, business, corporate governance and other material information.	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating personnel to handle information collection and disclosure, implementing spokesperson system, uploading investor conference recordings to the corporate website)?	✓		(2) The Company has set up the spokesperson system and a shareholder service unit under the finance department, dedicating to handle shareholder affairs and the periodic or unscheduled disclosures of business performance as well as material information through announcement channels of Taiwan Stock Exchange Corporation for shareholders to have better insights on the Company's operations. The Company appoints the head of accounting and public relation personnel to maintain investors relations, hold meetings with domestic and foreign institutional investors, and disclose business performance in a timely manner.	
(3) Does the Company publicly announce and file its annual financial reports within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?		✓	(3) The Company has publicly announced and filed its financial reports and monthly operational status within the regulated deadlines.	

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
8. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights and welfare, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer service policies, and liability insurance for directors and supervisors provided by the Company)?	✓		<p>(1) Employee rights The Company has established personnel management rules in accordance with labor regulations to address employees' rights concerning salaries, welfare, work, training, leave of absence, retirement, etc., and provides group insurance to ensure the rights are thoroughly protected. The Company has founded an industrial union and an Employee Welfare Committee (EWC) as the bridges of communication with employees, thereby protecting their legal and justified rights. Both organizations have functioned smoothly.</p> <p>(2) Employee care The Company provides proper care for its employees. In the personnel policy and the charters of EWC and industrial union, it is explicitly stated that management or department managers would tend to the needs of employees and offer assistance where necessary in the event of wedding, funeral, illness, injury, personal/family troubles, etc.</p> <p>(3) Investor relations The Company has set up the spokesperson system and a shareholder service unit under the finance department, dedicating to handle shareholder affairs and the periodic or unscheduled disclosures of business performance as well as material information through announcement channels of Taiwan Stock Exchange Corporation for shareholders to have better insights on the Company's operations. The Company appoints the accounting officer and public relation personnel to maintain investors relations, hold meetings with domestic and foreign institutional investors, and disclose business performance in a timely manner.</p> <p>(4) Supplier relations The Company has established a Central Satellite Factory System at an early stage and maintained a good and mutually beneficial relationship with suppliers. The Company has close communications with suppliers and exchanges business information, such as industry news and production/sales order data. It has implemented a counselling program to support suppliers in technical, operational and financial aspects, thereby ensuring mutual prosperity.</p> <p>(5) Rights of stakeholders: Rights of stakeholders are handled according to relevant laws and regulations.</p> <p>(6) Directors' continuing education, implementation of risk management policy, risk assessment standards as well as customer service policy, and liability insurance provided by the Company for directors and supervisors are as follows: a. The Company has established and amended the Rules of Procedure for the Board of Directors' Meetings according to the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies. Directors' attendance in the Board meetings and recusal from motions due to conflict of interests are governed by the Rules.</p>	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies



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9. The improvement status for the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center in the most recent years and the priority of pending issues and measures. (Companies not included in the Evaluation are exempted.) Improvements: -Electronic voting: The Company signed an agreement with the Taiwan Depository and Clearing Corporation in 2016 to voluntarily adopt the e-voting in 2017. -Nomination system for director candidates: The Company has amended the Articles of Incorporation in the 2019 annual shareholders' meeting to adopt the candidate nomination system for the election of directors. The system was applied in the 2021 director election for the first time. -Appointment of corporate governance officer: The Board approved the appointment of corporate governance officer, which took effect in June 2021. Issues and measures with high priority: Enhance the independence of the Board and functional committees: (the 17th-term was reelected in 2021)																				
	<table border="1"> <thead> <tr> <th>% of Independent Director\Term of Board</th> <th>15<sup>th</sup></th> <th>16<sup>th</sup></th> <th>17<sup>th</sup></th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>22%</td> <td>27%</td> <td>27%</td> </tr> <tr> <td>Remuneration Committee</td> <td>33%</td> <td>67%</td> <td>100%</td> </tr> <tr> <td>Audit Committee</td> <td>(Yet to be established)</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>			% of Independent Director\Term of Board	15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>	Board of Directors	22%	27%	27%	Remuneration Committee	33%	67%	100%	Audit Committee	(Yet to be established)	100%	100%	
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Note 1: Please provide details at the Description column regardless of whether "Yes" or "No" is ticked under "Implementation Status".

**Auditor Independence Assessment Report**

Auditors' independence is assessed according to Article 29 of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." The Company assesses Auditors' independence using the following criteria; All findings were reported during the 8th meeting of the 17th term of BOD held in 2022:

Giant MFG. Co., Ltd. Auditor Independence Assessment

Date of assessment: November 4, 2022

1. Subject to compliance with Article 29 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
2. Assessment criteria:
  - (1) Whether the financial statement auditors were employed by the Company within the two years prior to audit service, or within one year after termination of audit service.  
Yes No
  - (2) Whether the financial statement auditors held shares of the Company.  
Yes No
  - (3) Whether financial statement auditors were involved in any borrowing/lending arrangement with the Company.  
Yes No
  - (4) Whether financial statement auditors were involved in any joint investment or profit-sharing arrangement with the Company.  
Yes No
  - (5) Whether financial statement auditors assumed the role of director, supervisor, manager or any significant position in the Company, and whether auditors' personal interests were in conflict against those of the Company.  
Yes No
  - (6) Whether financial statement auditors had any decision-making authority within the Company.  
Yes No
  - (7) Whether financial statement auditors were related to the Company's management personnel, in any relationship characterized as spouse, direct blood relative, relative by affinity, or relative of 4th degree or closer.  
Yes No
  - (8) Whether financial statement auditors had solicited business through direct, indirect or implied incentive or reciprocal arrangement.  
Yes No
  - (9) Whether financial statement auditors received any business-related commission from the Company that was not covered by the service agreement.  
Yes No
  - (10) Whether financial statement auditors were involved in litigation or were corrected by the authority for misconduct.  
Yes No
  - (11) Whether financial statement auditors have provided audit service for the Company for seven consecutive years.  
Yes No
  - (12) Whether a declaration of independence is obtained from auditors on a yearly basis.  
Yes No

The auditors of the Company's financial statement were found to have complied with all above criteria.

(4) Composition, responsibilities, and functionality of the Remuneration Committee:

A. Remuneration Committee members

		As of March 30, 2023			
Title (Note)	Name	Criteria	Professional Qualifications and Experience (Note)	Independence Status (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving in the Remuneration Committee
Independent Director (Convener)	CHEN, HONG SO (Hilo Chen)		Please refer to the section of Professional qualifications of directors and independence status of independent directors.	Please refer to the section of Professional qualifications of directors and independence status of independent directors.	4
Independent Director	LO, JUI-LIN		Please refer to the section of Professional qualifications of directors and independence status of independent directors.	Please refer to the section of Professional qualifications of directors and independence status of independent directors.	2
Independent Director	HO, CHUN-SHENG		Please refer to the section of Professional qualifications of directors and independence status of independent directors.	Please refer to the section of Professional qualifications of directors and independence status of independent directors.	0

Note 1: Please describe the seniority, professional qualifications, experience and independence of individual Remuneration Committee members. For independent directors, please refer to "Background of directors" for details. For title, please fill in independent director or others. (Please identify the convener where appropriate.)

**B. Operation of the Remuneration Committee**

Three independent directors were elected as the Remuneration Committee members on August 6, 2021.

Tenure: August 6, 2021 to July 7, 2024.

The Remuneration Committee held two meetings (A) in 2022. Eligibility and attendance of members are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A] (Note)	Remarks
Convener	CHEN, HONG SO (Hilo Chen)	2	0	100%	Review the performance evaluation of directors and managers as well as the policies and standards of salaries and remuneration
Committee member	HO, CHUN-SHENG	2	0	100%	Review the performance evaluation of directors and managers as well as the policies and standards of salaries and remuneration
Committee member	LO, JUI-LIN	2	0	100%	Review the performance evaluation of directors and managers as well as the policies and standards of salaries and remuneration

Other remarks:

- In the event where the Remuneration Committee's recommendation is rejected or amended in a Board meeting, please specify the date and session of the Board meeting, content of motions, resolutions of the Board, and actions taken by the Company regarding the Committee's opinions (e.g., describe the differences and reasons shall the Board approve a package that is more favorable than the one proposed by the Remuneration Committee): None.
- Where Committee members express objection or reservation, either by recorded statement or in writing, concerning resolutions of the Committee, the date and session of the Committee meeting, content of motions, opinions of all members and actions taken regarding the opinions shall be specified: None.
- Major resolutions of the Remuneration Committee:

Date	Session	Content of Motions	Committee Resolutions
2022.03.17	2nd meeting of the 5th term	1. Formulation of the "Enforcement Rules for Management of Compensation to Directors, Members of Functional Committees and Managers"	Approved
		2. 2021 remuneration to directors	Approved
		3. 2021 employee compensation to managers	Approved
2022.10.28	3rd meeting of the 5th term	1. Formulation of "2022 Employee Share Subscription for Cash Capital Increase"	Approved
		2. Allocation of employee share options to managers	Approved
		3. Distribution principle of 2022 year-end bonus and the amount to managers	Approved

Note:

- The date of resignation shall be specified in the remarks column for Committee members who had resigned prior to the end of the financial year. The percentage of actual attendance (%) would be calculated based on the number of Committee meetings held and the number of actual attendances during the period of employment.
- If a re-election of Committee members had taken place prior to the end of the financial year, both the current and former Committee members shall be listed and identified in the remarks column along with the date of re-election. The percentage of actual attendance (%) would be calculated based on the number of Remuneration Committee meetings held and the number of actual attendances during the period of service at the position.



(5) Implementation of Corporate Social Responsibility and Non-compliance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons

Promotion Items	Implementation Status (Note 1)		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
<p>1. Has the Company established a governance structure for sustainability developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management authorized by the board of directors of directors to handle relevant issues under the supervision of the board? (For TWSE/TPEX listed companies, please provide details on implementation instead of compliance or explanations)</p>	✓		<p>(1) The Company has established the “ESG Bureau and ESG Task Force” under the operation management level. At the initial stage, we establish annual targets for each scope of sustainable developments in the four aspects of “carbon governance, ESG, external resources, and reporting and communications” with management teams of subsidiaries and constantly monitor and control the progress.</p> <p>(2) The Company completed carbon inventory in the Greater China Region for the first time in 2022 and reported the results as well as the Group’s overall inventory plans to the Board. The Board will start to monitor the implementation of inventory plans on a quarterly basis in 2023.</p> <p>(3) The Company completed inventory and verification of product carbon footprint for the first time in 2022.</p>	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
<p>2. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)</p>	✓		<p>(1) The Board approved the “Risk Management Procedures”. The in-charge unit of each business shall identify risk changes in aspects of operation, finance, environment, hazardous incidents and climate change and report the performance of risk management to the Board either regularly or when the need arises based on the materiality principle.</p> <p>(2) In line with the strategy of Cycling for a Better Future, the ESG project team formulates three major strategic themes and corresponding indicators, including targets for emission reduction and circular economy.</p>	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
<p>3. Environmental issues (1) Has the Company established a proper environmental management system designed to fit its industry characteristics?</p>	✓		<p>(1) All employees of the Company are bound by the following environmental policies: Regulatory compliance - Gather, identify, comply and conform with all environment-related laws and requirements that are applicable given Giant's products, activities, and services, and convey relevant information to employees. Impact mitigation - Provide proper protection facilities and equipment or develop standard operating procedures to regulate hazardous substance, effluent and waste treatment in order to ensure effective control over their environmental impacts. Ongoing improvement - Implement environmental policies; set goals to Reduce, Reuse, and Recycle as well as prevent pollution; and use the outcome as the basis for performance evaluation to ensure ongoing improvement. Education - Enhance competence by improving skills and knowledge and identify skills required to achieve better work performance and for employees to better understand their responsibilities. Also, encourage employees to participate in the implementation of environmental management system.</p>	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies

Promotion Items	Implementation Status (Note 1)		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
(2) Is the Company committed to improving the energy efficiency and utilizing renewable materials that have low environmental impact?	✓		(2) The Company is dedicated to the development of eco-friendly, green product materials and packaging materials featuring “low toxicity,” “volume reduction,” and “recyclability.” We not only comply with regulatory requirements but also mitigate the environmental impact of resource utilization. Besides green building materials, materials from the former structure are used in the construction of the Group’s headquarters building where appropriate to minimize waste.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and adopts measures to respond to climate-related issues?	✓		(3) In response to environmental and climate change issues, the Company advances towards manufacturing processes featuring high efficiency and low pollution. We take on an active role in the research and development of green bicycles and e-bikes in order to promote and market the concept of energy conservation and carbon reduction to the consumer markets worldwide. Also, we have poured resources into the construction of public bike systems for many years. The systems are now available at nine cities/counties: Taipei City, New Taipei City, Taoyuan City, Hsinchu City (including the Hsinchu Science Park), Hsinchu County, Miaoli County, Taichung City, Chiayi City and Kaohsiung City, with a total of 6,471 service stations and more than 81 thousand bikes. The cumulative number of bike rentals exceeds 600 million, which reduces CO2 emission by 99 million kg (based on motorcycle emission rate). In addition, we work on expanding the coverage area of public bike systems in order to change consumers’ commute habits. Projects on enhancing the convenience of public bikes, service stations and usage will be launched to attract more users. The Company keeps on promoting energy management. We replace heavy oil-based boilers with natural gas-based ones, which generate less pollution; install CNS14400-certified IE3 energy-saving motors and replace older models; and establish effluent treatment plants and water resource recovery facilities. There are also automatic systems monitoring water quality and volume. Furthermore, LED lighting and curtain-wall films are used at office buildings and factories to minimize power consumption of air conditioners, thereby contributing to the green earth.	

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(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and adopts measures to respond to climate-related issues?	✓		Our domestic sales, which is deeply rooted in Taiwan, promote a green and healthy cycling life, and set sustainability and go green as part of our annual management targets. The “Cloud-based AI Energy Management Platform” was introduced in June 2019. It integrates AI and IoT in monitoring the total electricity consumption in offices. Data is then tied in with remotely controlled air conditioners to transform “energy consumption” into “energy conservation”. The system saves about 30% of electricity expense and sets a fine example of having smart technology managing our lives. Our Group Global Headquarters in the Central Taiwan Science Park was officially completed and opened in 2020. The building has incorporated the concepts of energy-saving, emission-reduction as well as eco-friendliness at the design stage. It thus won the Green Building Label issued by the Ministry of the Interior, fully demonstrating the Company’s commitment to environmental protection.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies																																																
(4) Does the Company calculate its greenhouse gas (GHG) emissions, water consumption and total waste weight in the past two years, and formulate policies for reductions of GHG and water consumption, or other waste management?	✓		<p>(4) Emissions of Giant’s Taiwan factories in 2021 and 2022 are as follows:</p> <table border="1"> <thead> <tr> <th>Items(MT)</th> <th>2021</th> <th>2022</th> <th>Changes</th> </tr> </thead> <tbody> <tr> <td>GHG emission</td> <td>28,620.53</td> <td>28,586.30</td> <td>-0.12%</td> </tr> <tr> <td>Water consumption (Water withdrawal-water discharge=Water consumption)</td> <td>287,837.47</td> <td>234,094.28</td> <td>-18.67%</td> </tr> <tr> <td>Water withdrawal</td> <td>482,541.00</td> <td>424,868.36</td> <td>-11.95%</td> </tr> <tr> <td>Water discharge</td> <td>194,703.53</td> <td>190,774.08</td> <td>-2.02%</td> </tr> <tr> <td>Waste (Recyclable + Non-recyclable)</td> <td>5,854.62</td> <td>6,084.83</td> <td>3.93%</td> </tr> <tr> <td>Recyclable waste</td> <td>3,977.16</td> <td>4,380.96</td> <td>10.15%</td> </tr> <tr> <td>Non-recyclable waste</td> <td>1,877.47</td> <td>1,703.87</td> <td>-9.25%</td> </tr> </tbody> </table> <p>* Comparison of Carbon Emission per Unit of Production:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scopes 1 &amp; 2 (MT)</th> <th>No. of Unit</th> <th>Carbon Emission per Unit of Production</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>28,620</td> <td>889.5</td> <td>32.176</td> </tr> <tr> <td>2022</td> <td>28,580</td> <td>1,079.8</td> <td>26.468</td> </tr> <tr> <td>Reduction</td> <td>-0.14%</td> <td></td> <td>-17.74%</td> </tr> </tbody> </table> <p>Note: The Company adopted operational boundary defined in ISO14064-1:2018 to conduct inventory for the first time in 2021.</p> <p>The Company took aggressive measures to reduce carbon emission. The quantitative targets for future years: The Company lowered GHG emissions by 17.74%(million USD of revenue) and water consumption by 18.67% in 2022.</p>	Items(MT)	2021	2022	Changes	GHG emission	28,620.53	28,586.30	-0.12%	Water consumption (Water withdrawal-water discharge=Water consumption)	287,837.47	234,094.28	-18.67%	Water withdrawal	482,541.00	424,868.36	-11.95%	Water discharge	194,703.53	190,774.08	-2.02%	Waste (Recyclable + Non-recyclable)	5,854.62	6,084.83	3.93%	Recyclable waste	3,977.16	4,380.96	10.15%	Non-recyclable waste	1,877.47	1,703.87	-9.25%	Year	Scopes 1 & 2 (MT)	No. of Unit	Carbon Emission per Unit of Production	2021	28,620	889.5	32.176	2022	28,580	1,079.8	26.468	Reduction	-0.14%		-17.74%	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
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Promotion Items	Implementation Status (Note 1)		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
(4) Does the Company calculate its greenhouse gas (GHG) emissions, water consumption and total waste weight in the past two years, and formulate policies for reductions of GHG and water consumption, or other waste management?	✓		<p>From the policy perspective, our environmental policies cover regulatory compliance, impact mitigation, ongoing improvement, and education. The Company has “Public Hazard Control Policy” and “Waste Management Procedures” in place for the promotion of environmental protection and energy conservation. There are also “Preventive Maintenance Management Rules” and “Power Equipment Management Rules” for energy conservation and carbon reduction of power equipment. Actions taken included: Charity sale of the Company’s second-hand items to promote the concept of sustainability. A part of the proceeds was donated for social welfare.</p> <p>Promotion of Sustainable 22 which includes the following actions:</p> <ul style="list-style-type: none"> <li>· Turn the lights off when leaving the work station</li> <li>· Turn the power off when getting off work</li> <li>· Set air conditioners at 25 degrees Celsius or above</li> <li>· Take the stairs instead of elevators for distance within three floors.</li> <li>· Finish all food</li> <li>· Use recyclable utensils</li> <li>· Have one less hand-shaken drink every week</li> <li>· Ban the use of disposable straws</li> <li>· Go digital instead of printing</li> <li>· Use reusable shopping bags instead of plastic bags</li> <li>· Cycling to work one day every week</li> <li>· Carpool commuting</li> <li>· Set computers to power saver mode (e.g., battery efficiency, hibernate mode when going idle, etc.)</li> <li>· Eco setting for printing (e.g., printing in black and white, use reduced size printing, duplex printing, etc.); reuse printing papers</li> <li>· Exchange second-hand items</li> <li>· Share office supplies</li> <li>· Reuse packaging materials such as cardboard boxes and envelopes</li> <li>· Use digital business cards instead of paper ones</li> <li>· Use eco-friendly dishwashing detergent and apply effective dishwashing skills</li> <li>· Turn off the lights during the one-hour lunch break</li> <li>· Refill ballpoint pens</li> <li>· Use rechargeable batteries                             <ul style="list-style-type: none"> <li>- Adopt energy management systems to monitor electricity consumption of office buildings.</li> <li>- New construction projects not only use environmental building materials but also salvage reusable materials to minimize waste.</li> <li>- Stop printing yearly notebooks.</li> <li>- Reduce the use of disposable materials at large events - ban the use of disposable utensils, reuse flowers from floral arrangements, and lease instead of buying LED walls.</li> <li>- Promote packing of leftovers from lunch to reduce food waste.</li> </ul> </li> </ul> <p>The Group Headquarters engage professional cafeteria management company to significantly reduce the use of disposable tableware. We also encourage the packing of leftover to avoid food waste and scrap.</p>	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies

Promotion Items	Implementation Status (Note 1)		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
<b>4. Social issues</b>				
(1) Has the Company drawn up management policies and procedures in compliance with relevant laws and regulations and the International Bill of Human Rights?	✓		(1) The Company respects and supports international human right standards and principles, including the Universal Declaration of Human Rights, the United Nations Global Compact (UNGC) and the Declaration on Fundamental Principles and Rights at Work of International Labour Organization (ILO). We comply with regulations of countries where we operate and establish as well as disclose policies concerning the protection of human rights based on the United Nations Guiding Principles on Business and Human Rights to prevent invasions or violations of human rights. Our employment policies are in compliance with labor regulations. Employees are given equal and fair opportunities with regards to recruitment, employment, training, promotion, salary, benefit, transfer, and club or leisure activities. The legal rights of every employee have been properly protected without discrimination against factors unrelated to work. To enforce recruitment policies effectively and comply with labor regulations, the Company has set up relevant measures such as employee work rules to protect the work rights of every employee. Furthermore, the industrial union and EWC have been established where all employees are entitled to associated benefits.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
(2) Has the Company formulated and executed reasonable employee welfare measures (including compensation, leaves and other benefits), and had the operating performance or results properly reflected in employee compensation?	✓		(2) Protection of employees' legal rights and execution of non-discrimination employment policy: The Company has formulated and disclosed policies concerning the protection of human rights and implemented flexible work arrangement. Strengthening of employee relations: The Company organizes Family Day, company trips or cycling around Taiwan annually. Profit sharing and employee bonus: The Company has drawn up profit-sharing rules which reflect business performance and built the foundation for mutual trust to promote employee participation. The Articles of Incorporation state that 6 to 12 % of the Company's annual profits, if any, shall be appropriated as employee compensation. There are also employee care and provision of or assistance with employee group insurances. Employee continuing education and training: The Company provides an environment for diverse learning and development, encouraging employees to continuously enhance their competence. Employment Retirement Rules have been established as required by law. The Company has also formulated the Rules Governing Compensation for Employees under the Honorary Retirement Plan to encourage employees' commitment during their years of service and as the Company's appreciation for their contributions.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies



Promotion Items	Implementation Status (Note 1)		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
(3) Has the Company provided employees with a safe and healthy working environment as well as regular safety and health education?	✓		(3) The following actions have been taken for employees to have a safer and healthier work environment: 1. Regular employee health checkup. 2. Smoke-free work place, where employees can work in a comfortable and healthy environment. 3. Clean and safe drinking water. The Company engages EPA-certified institutions to conduct quarterly water tests on total bacteria and E. Coli counts. All water supply devices are maintained and sterilized on a regular basis. 4. The Company holds unscheduled drills for emergencies caused by natural disasters or human errors. Employees can thus familiarize themselves with proper response plans and minimize adverse impacts. 5. EWC organizes outdoor activities such as cycling and company trips from time to time, inspiring employees to develop good exercise habits and healthy lifestyle. 6. The Company organizes first-aid training in accordance with Article 6 of the Regulations of the Labor Health Protection, and provides first-aid kits throughout the premises.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
(4) Has the Company established effective career development training plans?	✓		(4) During the annual performance evaluation, line managers are required to discuss and formulate individual development plans (IDP) with their employees. Arrangements such as employee exchange programs and job rotations are available to assist employees with their career development.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
(5) Has the Company complied with related regulations and international standards in terms of customer health and safety, customer privacy, marketing and labeling of products and services, and formulated policies on the protection of consumers and the rights of customers as well as complaint procedures?	✓		(5) The Company has a supplier/customer interactive platform at its corporate website and a product hotline for after-sale services and customer complaints. Additionally, the Company purchases product liability insurance to protect consumers' interests. When consumers' personal data are required during the sales, the Company would solicit consents from consumers for thorough protection of their privacy and strictly follow regulatory requirements concerning confidentiality. For all Giant's products, instructions are clearly labeled on the packaging boxes with complete user manuals enclosed to allow clear understanding and safe usage of products.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies

Promotion Items	Implementation Status (Note 1)		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?	✓		(6) The Company has drawn up the supplier assessment rules and regularly evaluated its suppliers. Counseling is offered to suppliers with undesirable performance and their improvements are monitored. Suppliers' past conducts are also taken into consideration during the selection process. Declarations concerning compliance with labor regulations and avoidance of environmental hazards have been included as mandatory provisions in all supplier agreements. We have requested suppliers to comply with restrictions imposed by different countries on environmentally hazardous substances, such as the REACH and RoHS of EU, and commit to fulfilling their corporate social responsibilities. The Company is entitled to terminate or rescind supply agreements at any time if suppliers have violated the provisions and caused significant impact on the environment and society. Relevant rules are stipulated in "The Code of Corporate Social Responsibility for Suppliers of Giant Group". Please refer to the corporate website for details.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of sustainability report or other reports which disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?	✓		The Company is preparing the 2022 Sustainability Report in accordance with GRI and SASB standards and disclosing climate related information in accordance with TCFD standards. The corporate website contains a corporate responsibility section which discloses events under development and their progresses, and how corporate resources are used to support meaningful charity events in fulfilling the Company's social responsibilities.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
6. If the Company has established its own sustainable principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies", please specify any discrepancy between the policies and their implementation: None.				
7. Other important information to facilitate better understanding of the Company's sustainable practices: (1) Environmental protection In recent years, climate change and extreme weather have had significant impact on the global ecological environment. Consequently, there is increasing awareness on issues associated with environmental protection. Internally, we continue to promote the go green culture, while externally, we encourage the cycling culture and offer public bike rental service. We are devoted to move towards manufacturing processes featuring high efficiency and low pollution, and have more people enjoying eco-friendly products and transport. In terms of energy saving and emission reduction, we strive towards the goal of zero pollution. Sources of pollution are under close scrutiny throughout the production process and the volume of wastewater and exhaust gas emission are reduced through manufacturing process improvement. There are also wastewater treatment and water resource recovery facilities to mitigate the pressure on the environment. Our Group Global Headquarters in the Central Taiwan Science Park was officially completed and opened in 2020. The building has incorporated the concepts of energy-saving, emission-reduction as well as eco-friendliness in the design stage. It thus won the Green Building Label issued by the Ministry of the Interior, fully demonstrating the Company's commitment to green energy and environmental protection. In addition, as Taiwan's electricity consumption rises every year, our subsidiary, Giant Sales Co., Ltd. (Giant Sales),		advertises cycling to green healthy living and sets sustainability as well as go green as parts of annual management goals. In June 2019, we launched the "Cloud-based AI Energy Management Platform" during the peak electricity season. The platform integrates AI and IoT in monitoring the total electricity consumption of offices. Data is then tied in with remotely controlled air conditioners to transform "energy consumption" into "energy conservation", saving about 30% of the electricity expense. Besides, employees certainly feel more involved in energy conservation actions through the platform data. The Company would release the data weekly and parts of the savings are used on employee welfares, encouraging all employees to participate in smart electricity saving plans and setting a fine example of having smart technology dominating our lives. As for the promotion of cycling culture and provision of public bike rental service, we remain committed to YouBike. By the end of 2022, YouBike operates in 9 cities/counties in Taiwan, i.e., Taipei City, New Taipei City, Taoyuan City, Hsinchu City (including the Hsinchu Science Park), Hsinchu County, Miaoli County, Taichung City, Chiayi City and Kaohsiung City, with a total of 6,471 service stations and more than 81 thousand bikes. The cumulative number of bike rentals exceeds 600 million, which reduces CO2 emission by 99 million kg (based on motorcycle emission rate). YouBike is a convenient alternative for outing and mitigates traffic congestion as well. It contributes to a green earth by creating a sustainable, smart transportation environment.		

## (2) Community engagement

The Company organizes community cleanups annually. 400 enthusiastic employees would take part in cleaning areas within two km radius of the Company. They learn through experience on how to clean up the public spaces, pick up trash from sidewalks and gutters, remove fallen leaves and weeds, and sort as well as recycle waste. The activities are not only highly-recognized by community members but also attract media attention.

Moreover, the Company enters the National Outstanding Store Manager Competition every year and brings all participating stores to carry out community engagement activities. These stores would be involved in public welfare events such as cleanup, blood donation, and goods donation to Taiwan Fund for Children and Families with neighboring businesses. Participating store managers from our nation-wide franchisees as a whole have performed well in terms of community engagement and received positive reviews.

## (3) Social contribution

As the leader of Taiwan's cycling industry, Giant assembled an A-team with several renowned Taiwanese suppliers of bicycle components in 2003. The objective was to prompt the transformation and upgrade of cycling industry in Taiwan, stimulate growth and development of component suppliers, as well as transform the industry from pure OEM service to proprietary brand. Although the A-team was dissolved at the end of 2016, participants in the bicycle industry continued to collaborate. Taiwan is now a world-renowned exporter of premium bicycles.

As global climate change intensifies, climate risk surges. In 2020, losses from natural disasters worldwide reached NT\$6 trillion as significant disaster losses have become the norm. Bikes, featuring energy-saving and low-carbon, will definitely become the Choice for consumers in terms of commuting and exercise amid the sustainability discussions. The industry chain of high-end bikes founded in Taiwan in particular has been watched closely and is indicative of future trends and directions of global cycling industry. All the more reasons that it shall not be absent from the emerging trend of environmental sustainability. For Taiwan to continue its crucial role in global cycling supply chain and ESG topics as well as for the sustainable developments of cycling industry, Bonnie Tu, the Chairperson, and Young Liu, the CEO, took the initiative to invite elites and senior members of the industry to discuss the possibility of an ESG alliance of the cycling industry.

We invited 33 key leaders of the cycling industry to jointly hold a preliminary meeting for the Bicycling Alliance for Sustainability (BAS), aiming to develop a cycling-specific platform. Through interaction, exchange and learning, industry players can collaborate and propose cycling ESG initiatives to expand the presence and influence of the industry. Young Liu, CEO of the Giant Group, is the first chairman of the BAS, which is devoted to carbon reduction and sustainable production.

As for abroad, we have long been part of the non-governmental organization, World Federation of the Sporting Goods Industry (WFSGI), which is officially recognized by the International Olympic Committee as representing the interest of the global sporting goods industry. The membership allows us to stay current with the dynamics of the industry and raise the visibility of domestic cycling industry worldwide. The Company has long been sponsoring the tier-1 teams of UCI Road Race and numerous local cycling teams and professional cyclists. These sponsorships not only promote Taiwan's image as a high-end bicycle manufacturer, but also benefit the Company by having professionals putting out products through rigorous tests. With cyclists' feedbacks, we are able to make ongoing improvements to our products and further strengthen the R&D potential of bicycle in Taiwan. Whether it is the cycling sports and competitions, or the new cycling culture persistently promoted by the Company's founder, people of all classes and ages can enjoy the eco-friendly and healthy life brought about by bicycles. Taiwan is now not only world-famous for being a dominant supplier of high-end bicycles and innovative products, but also for the trend of round-island cycling.

Starting from August 2012, the Company has taken on the project of "Construction and Operation of Public Bicycle Rental in Taipei City" commissioned by the Department of Transportation, Taipei City Government. Together, we start a new page for public bicycles in Taiwan. YouBike is developed around the concept of sharing. It is a 24-hour public bicycle rental system where users can rent and return the bikes at different service stations, completing the first and last mile of public transportation system. Fast growth and substantial demand for the construction prompt the establishment of YouBike Co., Ltd. ("YouBike") in 2015. The company is dedicated to the promotion and operation of YouBike.

Ever since the successful adoption of YouBike in Taipei City, the system has been introduced to other cities, forging a better environment as well as convenient, joyful and healthy lives for citizens. The service is highly acclaimed as evidenced by the high satisfaction score in annual survey. However, challenges arise from the aggressive expansion of the system as the setup of service stations require electricity and network. In 2020, YouBike overcome the restrictions and launched YouBike 2.0 where every 2.0 bike is equipped with a smart panel. The device enables diverse rental means as it incorporates functions such as scanning QR codes/entering verification codes. The new design along with the lightweight Dock 2.0 enable easy deployment. Stations can now be established in smaller areas, narrowing the distance as well as increasing the density of stations to achieve a greater level of convenience. The public bicycle system can therefore truly fulfill its mission of being the first and last mile of the transit system.

In January 2020, YouBike and the Department of Transportation under Taipei City Government jointly initiated the "YouBike 2.0 trial run program" at Gongguan (including the campus of National Taiwan University). During the three-month trial period, the cumulative number of bike rentals was close to 500 thousand and the number of users exceeded 60 thousand. The average daily turnover rate was above 10 times with an over 90% satisfactory rate. In the same year, YouBike 2.0 was officially introduced to Kaohsiung City, Chiayi City and Taichung City. Both the numbers of users and rentals have grown steadily. To meet demand for public bikes from different user groups, YouBike evolves with time and commences YouBike 2.0E (e-bike) in Chiayi City, Taichung City and Kaohsiung City. With electric power supplementing the human power input, seniors, long-distance riders and riders who find cycling uphill more trying can now enjoy easy, comfortable and quality riding experience. The turnover rate after the release has been impressive with enthusiastic reception from the public. YouBike 2.0 also received recognition with the winning of Taiwan Excellence Award in the transportation category.

Mr. Manfred Neun, the president of European Cyclists' Federation, has even said, "YouBike is the most successful public bike sharing model". With large-scale infrastructure construction including bike paths and a thriving public bicycle system, Taipei City has received several international awards. In addition to winning the bid for hosting the 2016 Velo-city Global, which is the first time the event has ever been held in Asia, Taipei City ranked 17th among the bicycle-friendly cities in the 2019 Copenhagenize Index, which set the record of being in the top 20 for the first time. All recognitions are excellent advertisements for the Taipei City.

YouBike is no doubt the pride of Taiwan. It attracts international media attention with exposure on BBC, Discovery, NHK, etc. Government officials and scholars all over the world have come to study the system, which generates successful diplomatic relations. Foreigners are amazed at the high ethical standards demonstrated by citizens as shown in the high availability rates and low loss rates. We hope YouBike can continue to prosper in Taiwan, evolve with us and advance with times.

Besides committing to the promotion of public bike rental system in Taiwan, YouBike service was exported and commenced operation at Quanzhou, China, in June 2016. In the same year, YouBike rental website and operation also began in Anxi. The system is quite popular among locals for its high-quality bikes along with excellent services and earned great acclaims as the best public service ever! By 2017, YouBike operation has extended to Luojiang District, Taiwanese Investment

Zone, Quangang District, Economic Development Zone, Jiangnan New District, etc. It provides comfort and convenience for outing and bridges the gap between public bikes and other public transportation systems to effectively solve the “first mile” and “last mile” issues. In 2018, YouBike expanded its presence behind Quanzhou City and won the bid for Futian project. The operation was successfully initiated on June 3 and the service area covered every district (county) within the Great Futian region with an increasing turnover rate. Furthermore, with help from various parties, UnionPay IC card could be used for bike renting in Quanzhou and Futian, a novel rental practice started in China. The system won the honor of “Outstanding Management Award” for public bikes in the same year. Traditionally, members of public bike systems are required to pay a deposit in China. Many citizens are concerned with the practice and decide against member registration. However, more than two years of operation showed that there were seldom any incidence of vandalism and the number of missing bikes was within a manageable level. We thus convinced the local governments of those two cities to remove the deposit requirement in early 2019. The deposit-free measure as well as constant management refinement, promotions and service improvement brought about significant increases in the numbers of members and rentals. Meanwhile, we hold fast to our beliefs and proactively fulfill our corporate social responsibilities. By providing convenient registration stations in campuses and communities, working with traffic police and public transportation units on campus safety promotion, and actively taking parts in public welfare events, YouBike is well-received and highly acclaimed by the public and the media. At the early stage of Covid-19 in 2020, we responded quickly and made timely purchases of epidemic prevention supplies. All bikes in the service stations were disinfected for the public to use without undue concern and as a part of public transportation, the operation continued for people to go about their daily activities as usual. While some public transportation means were suspended, YouBike persisted on 24-hour service to provide convenience for outing, return to work and back to production. The splendid performance of YouBike in Quanzhou has earned it the “Top Ten Smart Life Initiatives Award” and “Annual Corporate Social Responsibility Award” of Quanzhou City in March 2021. In September, as the number of Covid-19 cases rose in Xianyou County, Putian City, YouBike proactively responded to the call for preventive actions by supporting frontline medical personnel and volunteers with free bikes for their mobility needs. By the end of December 2021, YouBike had 2,031 rental stations and 62,400 bikes operating in China with a cumulative total of 267 million rides, which reduced CO2 emission by about 117,000 tonnes or an equivalent of planting 6.38 million trees. YouBike has become an important commuting partner to the public and the cycling culture is slowly making its way into people’s daily lives. The satisfaction score of YouBike exceeded 98% at the online survey of Quanzhou and Putian.

#### (4) Social services

In 1989, King Liu, the founder of Giant, together with the Company’s directors and supervisors as well as several reputable figures of the industry established the Cycling Life-Style Foundation. Its mission is to promote cycling as a new culture and a healthy exercise in Taiwan. For many years, it has devoted significant efforts on improving the cycling environment, hoping to transform Taiwan into a distinctive cycling theme park.

Today, the Cycling Life-Style Foundation continues to organize bicycle-related activities, including parent-child cycling where kids are taught to ride a bike, safety education on cycling to students in junior high and elementary schools, round-island tours as a coming-of-age ceremony, summer biking camps, and the provision of sound and safe bikes at New Taipei City’s riverside rental stations, which becomes the best choice for family outing during holidays. Even with a close to three-month shutdown period due to the level-3 Covid-19 alert in 2021, the 15 service stations managed to accumulate 600 thousand rentals. Moreover, to encourage self-challenges, the Foundation has initiated certification services for round-island trips as well as rides to Wuling, day trips from Taipei to Kaohsiung, two lighthouses at north and south tips of Taiwan, Provincial Highway 3, etc.

The Foundation hosts the Formosa900 every November. The event incorporates diverse groups and routes to encourage people of different ages and fitness levels to complete their dream of cycling around Taiwan. Foreigners are also welcome to participate. Due to Covid-19, foreigners were unable to come to Taiwan in 2021. However, as travelling abroad was banned, the surge in domestic tourism brought a total of 682 cyclists to take part in Formosa 900.

Besides utilizing internal resources to encourage more people to take on cycling, the Foundation also relies on government resources to formulate directions facilitating the promotion of cycling in Taiwan and takes part in the bikeway network task force under Ministry of Transportation and Communications. For the Bicycle Tour Year of 2021, we advocated diverse routes to meet the demand and preference of various groups. In addition, we collaborated with suppliers to develop bicycle fix stations and donated 100 sets to the Ministry of Transportation and Communications to be placed at tourist centers, railway stations, branches of Directorate general of Highways, etc. The stations contain ten bike-specific tools including metal tire levers, flathead and Phillips screwdrivers, and hex, box, pedal and adjustable wrenches. It serves as a comprehensive and easy repair and maintenance station with tools for cyclists to eliminate problems themselves.

#### (5) Social welfare

The Company funds the Cycling Life-Style Foundation in Taiwan and organizes a multitude of bicycle-related events such as the Cycling Day through the Foundation. We also undertake the public bike rental services at riverside parks in New Taipei City and donate 300 second-hand bikes to children’s home, social welfare groups and schools at remote areas annually. Those bikes are delivered with hopes to shorten students’ commute time and broaden their living circles hence their perspectives. It is also a way to share and reuse resources.

The Foundation held 40 bike safety sessions to raise children’s awareness on transportation, education, safety and environmental protection as well as proper exercise and convey the right cycling concepts in public and private junior high schools and elementary schools at Taipei City and New Taipei City for safety riding and cycling etiquette to take root.

The Company also made donations to establish the Jiangsu Giant Cycling Life-style Foundation through its subsidiary in China (Giant (China) Co., Ltd.) in October 2008. Jiangsu Giant Cycling Life-style Foundation is a non-profit organization, dedicated to the hosting and organization of charitable cycling projects to promote a new cycling culture in China. For young people to learn independence and appreciation as well as assume social responsibilities, the Foundation organizes coming-of-age cycling ceremony throughout the year. So far, over 2,300 teenagers between the age of 16 to 18 have participated in the free cycling activity. Under the theme of Riding Against All Odds, we hosted the ceremony for over 100 freshmen of the Southeast University in Nanjing in 2020. Students were encouraged to challenge themselves with long-distance riding under difficult times and build up immunity with cycling exercise in order to assume adult obligations and fulfill more social responsibilities. The Foundation has also long been organizing trainings and competitions associated with cycling for kids to help children with balance training, proper cycling posture, exercising habits and correct mindset on sports and competitions. Over 900 children have learned how to ride a bike through the training program while over 1,200 families have taken parts in cycling competitions or activities. Even with disruptions caused by the pandemic, the Foundation still held several charitable activities in 2021. In May, it donated bikes and associated equipment of RMB 160 thousand to the cycling teams of Xinzhen Primary and Secondary Schools in Kunshan. A champion bonus of RMB 70 thousand was donated to encourage and recognize excellent athletes of the team in September. In June, the Foundation worked with the Kunshan Charity Society in organizing outdoor cycling activities for 15 families with autistic children or children with special needs. During the year, there were also the 7th cycling training session for children between 3 to 12 years old and two cycling competitions for kids (where 160 families had participated).

Besides, the subsidiaries, Giant (China) Co., Ltd. and D. Mag (Kunshan) New Material Technology

Co., Ltd., donated a total of RMB 5 million to support local disaster relief efforts after the devastating flood in Henan Province in July. There was also the RMB 50 thousand sponsored by the Giant union for the event of Shihlin in Taiwan vs. Huiju in Kunshan at the Huiju Night Market, presenting mixed cultures from both sides.

To help inmates in Taichung prison with skill learning so that they can immediately return to the job market after rejoining the society, we donate bicycles for bike repair and maintenance courses. In addition to teaching inmates the principles of bike maintenance techniques so that they have a solid foundation in theories, students are trained to handle actual repair and maintenance, thereby truly understanding the methods and procedures as well as enhancing their competitiveness in the job market. Upon course completion, students are capable of repairing all types of bikes and have successfully forged a brighter future for themselves. We have received many hand-written letters from inmates showing their appreciation after the course is completed.

(6) Consumers' interests

a. Innovative products and quality control

"Customer satisfaction" is the business philosophy the Company holds fast to. We respect the needs of customers and thrive to deliver innovations as well as quality products and services to meet customer expectations and earn their trust.

Being people-oriented, we proceed from customers' point of view and have their health and safety as the cornerstone of our development. Product safety regulations and examinations have been our No. 1 priority. We have strict quality control certification mechanisms in place from material selection, production standard to acceptance records to ensure stable quality as well as safe and sound products.

b. Comprehensive product warranty system

We have product manuals and after-sales service information on the corporate website for all of our products, giving consumers clear and open product information. Customers can therefore have a thorough understanding of the specifications, performance and user instructions of the product as a way to protect their interests. Repair and maintenance centers are established at each of our global sales offices to provide prompt services to all customers. Since 2012, all bike frames are covered by lifetime warranty while non-consumable parts have one-year warranty, and the Company maintains a US\$10 million product liability insurance for global consumers to have the best product assurance available.

c. Emphasis on customer relations and rights

To better understand our customers' opinions concerning products and services, diverse communication channels have been established, including customer service hotline, feedback email account and satisfaction survey. Customer can report or file complaints through these open channels for product defects or concerns. Relevant units would then identify the causes and proceed accordingly. We set up a comprehensive complaint management and tracking mechanism to ensure our customers can receive satisfactory responses and solutions. We respect customer privacy. To assure customers the safety of using services available on the official websites of the Company and related brands, the collection and use of customer information at our websites comply with the "Personal Data Protection Act". We are committed to protect customer privacy with reasonable procedures.

Note 1: If "Yes" is ticked under the "Implementation Status", please explain the key policies, strategies, and measures adopted and implementation results thereof. If "No" is ticked, please state the difference and reasons and specify related policies, strategies, and measures to be adopted in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons" column. For Promotion Items 1 and 2, however, the TWSE/TPEX-Listed Companies shall describe the governance and oversight framework of sustainable developments, including but not limited to the determination of management guideline, strategy and target as well as review measures. Risk management policy or strategies on environmental, social and corporate governance topics associated with operation and the assessment thereof shall also be stated.

(7) Human rights

All of the Company's human resources policies have complied with the government's labor regulations. Employees are treated equally within the Company, regardless of their nationality, race, gender or age. The Company respects each employee's work rights. We want all employees to have the opportunity to learn, grow and put their abilities to the best use at work. Employees may approach line managers, the human resources department, or industrial unions or use other means to raise complaints and seek resolutions for any unfair treatment.

At the Headquarters, each gender accounts for no less than one-third of total employees and no less than 30% of senior executive positions and above. At local offices, more than two-thirds of Presidents in our proprietary brand companies are of local nationalities. As pandemic slowed down, in-person training classes increased in 2022 compared to 2021.

Year	2021		2022	
	Female	Male	Female	Male
Gender				
%	36.20%	63.80%	37.12%	62.88%
Average training hours	4.09	4.00	11.08	9.2
% for senior executives and above	33.30%	66.70%	31.58%	68.42%

(8) Health and safety

Hazard prevention measures adopted by the Company include: machinery inherent safety program, work safety control, random on-site audits, employee education and training, work safety improvement initiatives, hazard identification and risk management, employee health checkup, environmental improvements (the 5S), fire safety management and emergency response. The above management mechanisms assure employees of a safe and comfortable work environment. The Company recognizes the importance of employee health, for it is not merely employees' personal wealth, but also the foundation for corporate sustainability. The Company has long been dedicated to the management of employee health. In addition to general health checkups, employees involved in special operations are subjected to special health checkups. The risk-based health management system gives better insight into employees' well-being. First-aid kits and medical equipment have been prepared at all work sites with certified first-aid officers available to handle accidental injuries. Furthermore, health promotion activities are organized in line with government's initiatives to provide employees with proper health knowledge. The Company has stressed the important of worksite safety and health management during the construction of Group Global Headquarters in the Central Taiwan Science Park. We set the record of zero accident with helps from construction and supervisory teams and won the Construction Safety and Excellence Award from the Ministry of Labor in 2020.

(9) Other CSR activities

The Company invites government institutions, schools, non-profit organizations and the public to factory visits, where they would have a close-up view of the bicycle manufacturing processes. As a way of promoting cycling around Taiwan, the Company welcomes all round-the-island cyclists passing by to bike inspection and repair service at all stores.

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

Note 3: Please refer to the examples of best-practices on the website of Corporate Governance Center, Taiwan Stock Exchange for disclosure methods.

(6) Implementation of Ethical Management and Non-compliance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies” and Reasons

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
<b>1. Establishment of ethical management policies and schemes</b>				
(1) Has the Company formulated ethical management policies approved by the board of directors and clearly expressed its ethical management policies and measures along with commitments of the board of directors and senior management to proactively implement those management policies in its internal rules and external documents?	✓		(1) The Company has established the “Principles of Business Ethics” in 2015, which explicitly requires the Board of Directors and the management to be committed to proactively implement the principles through actions.	No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
(2) Has the Company established assessment mechanism for risk arising from unethical conducts, regularly analyzed and assessed operating activities with higher risk of unethical conduct within its business, and formulated preventive schemes accordingly, which at least contained preventive measures for conducts set forth in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?	✓		(2) Ethical behaviors have also been outlined as part of the Company’s human resource management policy, which all employees shall comply with. During annual employee assessments, managers would take into account employees’ ethical conducts. There are also consultation and reporting channels in place to handle all possible issues properly.	
(3) Has the Company specified in its schemes to prevent unethical conduct the operating procedures, conduct guidelines, disciplinary measures and compliant system, and has the Company implemented them accordingly and regularly reviewed those schemes?	✓		(3) Ethical behaviors have also been outlined in the Company’s procurement and supply contracts. Business transactions shall be conducted accordingly and employees are prohibited from offering and accepting bribes in any commercial activity.	
<b>2. Implementation of ethical management</b>				
(1) Has the Company reviewed the counterparty’s history of ethical conduct and included the compliance of business ethics as a clause in the contract?	✓		(1) The Company has explicitly stated the ethics principles in its procurement and supply contracts. Counterparties that violate the ethics principles will be banned from all future business dealings.	No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
(2) Has the Company established an exclusively (or concurrently) dedicated department under the board of directors to promote ethical conducts and regularly (at least once per year) report its ethical management policies and preventive schemes for unethical conducts as well as implementation status to the Board?	✓		(2) The Company has established a concurrently dedicated business ethics unit (the Global HR Center) under the Board. The unit submits written reports of its operation to the Board annually. To prevent conflicts of interest, proper complaint channels are introduced. The Company established “Principles of Business Ethics of Giant MFG. Co., Ltd.” in 2015 followed by “Guidelines on Ethical Behaviors of Giant Group” in 2017. Moreover, senior management would convey the importance of Giant’s values, i.e., integrity, partnership, passion and challenge, as well as ethics at monthly meetings.	
(3) Has the Company established policies to prevent conflicts of interest, provided appropriate communication channels and thoroughly implemented the policies?	✓		(3) The Company’s Rules of Procedure for the Board of Directors’ Meetings contains provisions on avoidance of conflicting interests. There are complaint channels available to report conflicts of interest when the incident arises.	
(4) Has the Company established effective accounting and internal control systems for the implementation of ethics management and had the internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits?	✓		(4) The Company has established effective accounting and internal control systems to enforce business ethics and both systems operate smoothly at present. Based on the risk assessment outcome, internal auditors would develop risk-oriented annual audit plans, which are used for conducting management audits or unscheduled project audits on financial statement preparation process.	

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No		
(5) Has the Company regularly held internal and external training sessions on ethical management?	✓		(5) The Company organizes quarterly business consensus conferences and monthly as well as weekly meetings for senior management to communicate with employees on the brand value of “authenticity” and the corporate value of “integrity” through the use of appropriate cases when the occasion arises. In 2022, the internal and external training sessions on business ethics organized by Giant through quarterly business consensus conferences and monthly plus weekly meetings totaled 8,050 hours with an attendance of 11,900 people. The numbers decreased year-over-year due to the pandemic.	No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies
<b>3. Implementation of whistleblowing system</b>				
(1) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible complaint channels, and designated appropriate individuals to handle the complaint received?	✓		(1) There are complaint channels and iCare mailbox available at the corporate website to facilitate the reporting of misconducts. Information received is kept confidential and forwarded directly to Giant’s senior management.	No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies
(2) Has the Company established standard operating procedures to investigate the complaints received, actions to be taken upon the completion of investigation, and relevant mechanisms for confidentiality?	✓		(2) The Company’s internal policy explicitly states that confidential information cannot be revealed to other parties except for reporting to the person in charge. 1. Complaint channels: The Company has complaint channels and iCare mailbox at the corporate website. 2. Procedures: 2.1 Anonymous whistleblowing: Anonymous whistleblowing is not investigated in principle. However, investigations may still be conducted on a case-by-case basis if the claim is deemed material, and the outcomes are used as reference for internal reviews. 2.2 Identified whistleblowing: The department accepting the misconduct reporting shall ascertain the informant’s intention and evidence. Cases that involve violation of laws or unethical/dishonest behaviors need to be escalated to the President along with evidence. 2.3 The Company handles all misconduct reporting with the utmost confidentiality. It investigates whistleblowers’ claims through independent channels and protects them by keeping their identities confidential. 2.4 Where the whistleblower is an employee, the Company ensures that the employee will not be retaliated against due to whistleblowing. 2.5 The Company allows the subject of investigation fair opportunities to respond to the claim in order to safeguard his/her rights and protect him/her from retaliation. Personnel Arbitration Committee hearings are held whenever deemed necessary.	
(3) Has the Company established measures to protect whistleblowers from retaliation?	✓		(3) Where the whistleblower is an employee, the Company ensures that the employee will not be retaliated against due to whistleblowing.	

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
4. Enhancement on information disclosure Has the Company disclosed its Principles of Business Ethics and information about implementation of such guidelines on its website and MOPS? ✓			The Company has a corporate website and discloses information associated with ethical operations in the "Corporate Governance" section.	No material deviation is found in comparison with Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
5. If the Company has established its own Principles of Business Ethics pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please specify any discrepancy between the Principles and their implementation: None.				
6. Other important information to facilitate better understanding of the Company's ethical management practices (e.g., the Company's reviews and amendments concerning its Principles of Business Ethics, etc.): None.				

(7) The Company has established corporate governance principles or other relevant guidelines, references:

<https://www.giantgroup-cycling.com/ir-corporategovernance>

(8) Other important information material to the understanding of corporate governance within the Company:

<https://www.giantgroup-cycling.com/ir-corporategovernance>





(9) Disclosures relating to the execution of internal control system:

A. Declaration of Internal Control System

<p>Giant Manufacturing Co., Ltd. Declaration of Internal Control</p> <p style="text-align: right; font-size: small;">Date: March 10, 2023</p> <p>The following declaration had been made based on 2022 self-assessment of the Company's internal control:</p> <ol style="list-style-type: none"> <li>1. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the board and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.</li> <li>2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.</li> <li>3. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. Criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: (1.) Control environment; (2.) Risk evaluation and response; (3.) Procedural control; (4.) Information and communication; and (5.) Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.</li> <li>4. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.</li> <li>5. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2022. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.</li> <li>6. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.</li> <li>7. This declaration was passed unanimously without objection by all 11 Directors present at the board meeting dated March 10, 2023.</li> </ol> <div style="text-align: right; margin-top: 20px;"> <p>Giant MFG. Co., Ltd.</p> <p>Chairman: Bonnie Tu    signature</p> <p>CEO: Young Liu        signature</p> </div>
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B. If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: None

(10) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken: None

(11) Major resolutions passed in shareholder meetings and BOD in the most recent year up till the publication date of this annual report, and execution progress:

Date	Meeting category	Major resolutions	Outcome of resolution
2022.06.23	Shareholders meeting	<ul style="list-style-type: none"> <li>• Approval of the Company's financial statements for the year ended December 31, 2021</li> <li>• Approval of the Company's 2021 earnings distribution</li> <li>• Approval of amendments to the Company's Articles of Incorporation</li> <li>• Approval of amendments to the Company's Acquisition and disposal of Assets Operation Procedure</li> <li>• Approval of amendments to the Company's Lending Funds to Other Parties and or Guarante Operation Procedure</li> </ul>	Voted and passed by all shareholders

Major resolutions passed in 2022 shareholders meeting and the execution progress

1. Approved the 2021 business report and financial statements.
2. Approved the 2021 earnings distribution.
3. Implementation status: The record date was set at August 27, 2022 and the payment date was set at September 15, 2022. Cash dividend is determined at NT\$10 per share
4. Amendments to the Company's "Articles of Incorporation."
5. Approval of amendments to Article 12
6. Approval of amendments to the Company's Acquisition and disposal of Assets Operation Procedure.
7. Approval of amendments to the Company's Lending Funds to Other Parties and or Guarante Operation Procedure.

Major resolutions of 2022 Board meetings and implementation status:

Date	Major Resolutions	Outcome of Resolution
2022.03.25 5th meeting of the 17th term	<ol style="list-style-type: none"> <li>Acknowledgment of the outcome of 2021 internal control self-assessment</li> <li>Distribution of 2021 remuneration to directors</li> <li>Distribution of 2021 compensation to employees</li> <li>Financial statements for the year ended December 31, 2021 of the Company</li> <li>2021 earnings distribution of the Company</li> <li>Extension of credit lines from banks and bills finance institutions</li> <li>Amendments to the Company's "Procedures for Acquisition or Disposal of Assets" and "Procedures for Lending Funds to Other Parties"</li> <li>Amendments to the "Articles of Incorporation"</li> <li>Discussion of methods, date, venue and agendas for the 2022 annual general meeting</li> <li>Proposal concerning the issuance of new shares for cash capital increase</li> <li>Proposal concerning the issuance of first domestic unsecured convertible bonds</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2022.05.11 6th meeting of the 17th term	<ol style="list-style-type: none"> <li>Financial statements for the three months ended March 31, 2022 of the Company</li> <li>Amendments to the Company's "Procedures for Acquisition or Disposal of Assets" and "Procedures for Handling Internal Material Information"</li> <li>Amendments to the Company's "Corporate Governance Principles" and "Code of Practice for Corporate Social Responsibility"</li> <li>Addition of reported items to the 2022 annual shareholders' meeting.</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2022.06.20 1st Special meeting of the 17th term	<ol style="list-style-type: none"> <li>Proposal concerning the additions of two items to the undertakings issued for the listing of the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., at the stock exchange in China</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>

Date	Major Resolutions	Outcome of Resolution
2022.08.05 7th meeting of the 17th term	<ol style="list-style-type: none"> <li>Financial statements for the six months ended June 30, 2022 of the Company</li> <li>Provision of loans and endorsements and guarantees to the subsidiary, Giant Vietnam Manufacturing Company Limited</li> <li>Amendments to the "Methods for Performance Evaluation of the Board of Directors"</li> <li>Appointment of Donald Yu as the chief strategy officer</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2022.09.30 2nd Special meeting of the 17th term	<ol style="list-style-type: none"> <li>Acquisition of land use rights by the subsidiary, Giant Vietnam Manufacturing Company Limited</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2022.11.04 8th meeting of the 17th term	<ol style="list-style-type: none"> <li>2022 internal audit plan</li> <li>Financial statements for the nine months ended September 30, 2022 of the Company</li> <li>Provision of loans to the subsidiary, AIPS Technology Co., Ltd. (AIPS)</li> <li>Independence assessments of the Company's CPAs and reviews on audit fee</li> <li>Formulation of "2022 Employee Share Subscription for Cash Capital Increase"</li> <li>Allocation of employee share options to managers</li> <li>Discussion on the distribution principal of 2022 year-end bonus and the amount to managers</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2022.12.16 9th meeting of the 17th term	<ol style="list-style-type: none"> <li>2023 business plans and objectives of the Group</li> <li>2023 financial budget of the Group</li> <li>Amendments to the "Rules of Procedure for the Board of Directors' Meetings"</li> <li>Amendments to the "Procedures for Handling Internal Material Information"</li> <li>Formulation of the "Rules Governing the Preparation and Filing of Sustainability Report"</li> <li>Contract negotiation with the Bureau of Singapore Industrial Park for the acquisition of land use rights by the subsidiary, Giant Vietnam Manufacturing Co., Ltd.</li> </ol>	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>

- (12) Documented opinions or declarations made by directors against board resolutions in the most recent year, up till the publication date of this annual report: None.
- (13) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, chief governance officer or head of R&D in the most recent year up till the publication date of this annual report: None.

### 5. Disclosure on audit fee

Name of accounting firm	Name of CPAs	Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche, Taiwan	Wu, Lie-Dong Su, Ting-Chien	2022	NT\$4,260 thousand	NT\$385 thousand	NT\$4,645 thousand	

Non-audit services: Certification of completion for repatriated offshore funds invested on the Youth Logistics Center project of NT\$150 thousand, audit on returns adopting the direct deduction method of NT\$50 thousand, registration of branches of NT\$35 thousand, and audit on cash capital increase and convertible bonds of NT\$150 thousand.

Note: If there is a change of CPA or accounting firm during the year, please specify the audit periods separately and state reasons for the change in the Remarks column.

### 6. Change of CPA: None.

### 7. The Company's Chairman, President, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the last year: None.

### 8. Details of shares transferred or pledged by directors, supervisors, managers and shareholders with more than 10% ownership interest in the last year, up till the publication date of this annual report:

#### (1) Transfer and pledge of shares by directors, supervisors, managers and major shareholders

Title (Note 1)	Name	Year 2022		Year-to-date as at March 30, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairperson	THO, TU HSIU-CHEN (Bonnie Tu)	74,320	-	-	-
Director	LIU, YUON-CHAN (Young Liu)	2,998,864	-	-	-
Director	Kinabalu Holding Co.Ltd.	638,183	-	-	-
Director	LIU, CHIN-PIAO (King Liu)	(6,851,000)	-	885,780	-
Director	THO, TZU CHIEN	390,932	-	-	-
Director	CHIU, TA-PENG	(96,221)	-	-	-
Director	YANG, HUAI-CHING	1,685,216	-	-	-
Director	CHIU, TA-WEI	37,485	-	-	-
Head of Global Manufacturing Center	YEN, CHING-HSIN	-	-	-	-
Global head of R&D	CHANG, SHENG-CHANG	52,268	-	(114,828)	-
Chief Operating Officer of HPB Division	CHEN, GUEI-YAO	50,356	-	(60,199)	-
Global Chief of Finance	WANG, PI-YU	8,000	-	(8,000)	-
Head of Accounting	PAN, CHIAO-LI	10,000	-	-	-
Corporate Governance Officer	LIU, CHIA-CHIEH	2,000	-	-	-

Note 1: Shareholders with more than 10% ownership interest are highlighted as major shareholders and listed separately.

A. Transfer of shares where the counterparty is a related party: None.

B. Pledge of shares where the counterparty is a related party: None.

## 9. Relationships among top-10 shareholders

(1) January 4, 2023 (Ex-Dividend Date)

Name (Note 1)	Shares held in own name		Shares held by spouse and underage children (Note 2)		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top-10 shareholders. (Note 3)	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Kinabalu Holding Co.Ltd.	18,238,183	4.65%	-	-	-	-	THO, TU HSIU-CHEN (Bonnie Tu)	Chairperson
HSBC in Its Capacity as Master Custodian for the Account of HSBC Corporation Limited	17,453,817	4.45%	-	-	-	-	-	-
LIU, YUON-CHAN (Young Liu)	16,296,026	4.16%	-	-	-	-	LIU, CHIN-PIAO (King Liu) LIU, SU-HUA YANG, HUAI-CHING	Father and Son Brother and Sister Brother in Law
THO, TU HSIU-CHEN (Bonnie Tu)	8,332,348	2.22%	97,214	0.02%	-	-	Kinabalu Holding Co.Ltd.	Chairperson
CitiBank Taiwan Custodianship of the Singapore Government Investment Account	8,043,453	2.05%	-	-	-	-	-	-
Chunghwa Post Co., Ltd.	7,065,223	1.80%	-	-	-	-	-	-
LIU, SU-HUA	7,051,777	1.80%	-	-	-	-	LIU, CHIN-PIAO (King Liu) LIU, YUON-CHAN (Young Liu) YANG, HUAI-CHING	Father and Daughter Brother and Sister Brother in Law
LIU, CHIN-PIAO (King Liu)	6,852,498	1.75%	885,780	0.24%	-	-	LIU, YUON-CHAN (Young Liu) YANG, HUAI-CHING LIU, SU-HUA	Father and Son Son in Law Father and Daughter
YANG, HUAI-CHING	6,418,720	1.64%	30,000	-	-	-	LIU, CHIN-PIAO (King Liu) LIU, YUON-CHAN (Young Liu) LIU, SU-HUA	Father in Law Brother in Law Sister in Law
Fubon Life Insurance Co., Ltd.	6,208,236	1.58%	-	-	-	-	-	-

Note 1: All top-10 shareholders have been listed. For corporate shareholders, the name of the corporate entity and the name of the representative are shown separately.

Note 2: The shareholding percentage includes shares held under own name, spouse's name, underage children's names, and the names of others.

Note 3: Relations among the abovementioned shareholders (including corporate and natural-person shareholders) have been disclosed in accordance with the relationships defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.

## 10. Aggregate shareholding percentage in long-term investments

December 31, 2022

Invested businesses (Note)	Held by the Company (A)		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises (B)		Aggregate shareholding (A+B)	
	Shares	%	Shares	%	Shares	%
Growood Investment Ltd.	26,619,300	100%	-	-	26,619,300	100%
Gaiwin B.V.	502,661	100%	-	-	502,661	100%
Darzins Holdings Ltd.	14,888,928	100%	-	-	14,888,928	100%
Giant Sales Co., Ltd.	14,000,000	100%	-	-	14,000,000	100%
Merdeka International Ltd.	6,000,003	100%	-	-	6,000,003	100%
Giant Investment Co., Ltd.	-	100%	-	-	-	100%
Giant Bicycle Mexico S. de R.L. de C. V.	-	0%	-	100%	-	100%
Microprogram Co., Ltd.	8,886,000	27%	-	-	8,886,000	27%
YouBike Co., Ltd.	84,800,000	100%	-	-	84,800,000	100%
AIPS Technology Co., Ltd.	50,000,000	100%	-	-	50,000,000	100%
Giant Vietnam Manufacturing Company Limited	-	100%	-	-	-	100%

Note: The above investments were accounted for using the equity method in the parent-only-financial statement.



# Four. Funding Status

## 1. Capital and outstanding shares

### (1) Source of capital

#### A. Share categories

March 30, 2023 Unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	392,064,626	102,935,374	495,000,000	Public-listed shares

#### B. Changes in share capital

Unit: NTD, shares

Approval date	Face value (NTD)	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of share capital	Paid in properties other than cash	Remark
1972.10.27	100	40,000	4,000,000	40,000	4,000,000	Company founded with cash	None	
1974.01.03	100	100,000	10,000,000	100,000	10,000,000	Cash issue totaling NT\$6,000,000	None	
1976.04.21	100	120,000	12,000,000	120,000	12,000,000	Cash issue totaling NT\$2,000,000	None	
1978.04.10	100	180,000	18,000,000	180,000	18,000,000	Cash issue totaling NT\$6,000,000	None	
1981.08.04	100	400,000	40,000,000	400,000	40,000,000	Cash issue totaling NT\$8,500,000 Capitalization of earnings NT\$13,500,000	None	
1982.09.30	100	600,000	60,000,000	600,000	60,000,000	Capitalization of earnings NT\$20,000,000	None	
1983.08.05	100	993,600	99,360,000	993,600	99,360,000	Capitalization of earnings NT\$39,360,000	None	
1984.07.10	100	1,500,000	150,000,000	1,500,000	150,000,000	Capitalization of earnings NT\$50,640,000	None	
1986.08.15	100	1,980,000	198,000,000	1,980,000	198,000,000	Cash issue totaling NT\$19,200,000 Capitalization of earnings NT\$28,800,000	None	
1988.04.01	100	3,600,000	360,000,000	3,600,000	360,000,000	Cash issue totaling NT\$162,000,000	None	
1990.07.15	10	50,000,000	500,000,000	50,000,000	500,000,000	Capitalization of earnings NT\$140,000,000	None	Note1
1992.08.13	10	60,000,000	600,000,000	60,000,000	600,000,000	Capitalization of earnings NT\$100,000,000	None	Note2
1993.07.15	10	100,000,000	1,000,000,000	87,000,000	870,000,000	Cash issue totaling NT\$150,000,000 Capitalization of earnings NT\$60,000,000 Capitalization of capital reserves NT\$60,000,000	None	Note3
1994.10.28	10	135,000,000	1,350,000,000	108,750,000	1,087,500,000	Capitalization of earnings NT\$217,500,000	None	Note4

Approval date	Face value (NTD)	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of share capital	Paid in properties other than cash	Remark
1995.05.26	10	135,000,000	1,350,000,000	135,000,000	1,350,000,000	Cash issue totaling NT\$153,750,000 Capitalization of earnings NT\$54,375,000 Capitalization of capital reserves NT\$54,375,000	None	Note5
1996.06.21	10	189,000,000	1,890,000,000	148,500,000	1,485,000,000	Capitalization of capital reserves NT\$135,000,000	None	Note6
1997.06.25	10	189,000,000	1,890,000,000	163,350,000	1,633,500,000	Capitalization of capital reserves NT\$148,500,000	None	Note7
1998.07.04	10	189,000,000	1,890,000,000	179,685,000	1,796,850,000	Capitalization of earnings NT\$81,675,000 Capitalization of capital reserves NT\$81,675,000	None	Note8
1999.06.28	10	223,000,000	2,230,000,000	197,653,500	1,976,535,000	Capitalization of earnings NT\$143,748,000 Capitalization of capital reserves NT\$35,937,000	None	Note9
2000.06.29	10	240,000,000	2,400,000,000	227,301,525	2,273,015,250	Capitalization of earnings NT\$271,847,000 Capitalization of capital reserves NT\$24,633,000	None	Note10
2001.06.13	10	320,000,000	3,200,000,000	261,396,760	2,613,967,600	Capitalization of earnings NT\$340,952,000	None	Note11
2002.07.05	10	320,000,000	3,200,000,000	280,183,561	2,801,835,610	Capitalization of earnings NT\$187,868,000	None	Note12
2008.07.07	10	320,000,000	3,200,000,000	295,887,188	2,958,871,880	Capitalization of earnings NT\$157,036,000	None	Note13
2009.07.02	10	400,000,000	4,000,000,000	355,064,626	3,550,646,260	Capitalization of earnings NT\$591,774,000	None	Note14
2010.07.27	10	400,000,000	4,000,000,000	375,064,626	3,750,646,260	Cash issue totaling NT\$200,000,000	None	Note15
2019.07.08	10	495,000,000	4,950,000,000	375,064,626	3,750,646,260	The authorized capital increased only.	None	Note16
2022.05.26	10	495,000,000	4,950,000,000	392,064,626	3,920,646,260	Cash issue totaling NT\$170,000,000	None	Note17

Note 1: A share split was completed during the 1990 cash issue, at which time the NT\$100 face value was split into NT\$10.

Note 2: Approval document (Tai TSAI cheng(1) No.02073) on August 13,1992.

Note 3: Approval document (Tai TSAI cheng(1) No. 29085) on July 19,1993.

Note 4: Approval document (Tai TSAI cheng(1) No. 44720) on October 28,1994.

Note 5: Approval document (Tai TSAI cheng(1) No. 30933) and (Tai TSAI cheng(1) No. 30934) on May 26,1995

Note 6: Approval document (Tai TSAI cheng(1) No. 38807) on June 21,1996.

Note 7: Approval document (Tai TSAI cheng(1) No. 49202) on June 25,1997.

Note 8: Approval document (Tai TSAI cheng(1) No. 57356) on July 4,1998.

Note 9: Approval document (Tai TSAI cheng(1) No. 58938) on June 28,1999.

Note 10: Approval document (Tai TSAI cheng(1) No. 56213) on June 29,2000.

Note 11: Approval document (Tai TSAI cheng(1) No. 137632) on June 13,2001.

Note 12: Approval document (Tai TSAI cheng(1) No. 0910136920) on July 5,2002.

Note 13: Approval document (FSC (1) No. 0970033651) on July 7,2008.

Note 14: Approval document (FSC No. 0980032858) on July 2,2009.

Note 15: Approval document (FSC No. 0990037661) on July 27,2010.

Note 16: Approval document (Jing Shou Shang No. 10801083150) on July 8,2019.

Note 17: Approval document (FSC No. 1110342934) on May 26, 2022.

(2) Composition of Shareholders:

January 4, 2023 (Ex-dividend Date)						
Type of Shareholders	Government agencies	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Number of Shareholders	4	39	95	14,662	696	15,496
Shareholding	947,187	33,261,560	40,797,170	124,191,265	192,867,444	392,064,626
Holding (%)	0.24%	8.48%	10.41%	31.68%	49.19%	100.00%

(3) Diversity of ownership

Common shares

January 4, 2023 (Ex-dividend Date)				
Shareholder Ownership (Unit: Share)	Number of shareholders	No. of shares held	Shareholding percentage	
1 to 999	7,485	1,258,748	0.32%	
1,000 to 5,000	6,517	10,241,606	2.61%	
5,001 to 10,000	495	3,518,023	0.90%	
10,001 to 15,000	180	2,167,102	0.55%	
15,001 to 20,000	125	2,216,624	0.57%	
20,001 to 30,000	114	2,864,364	0.73%	
30,001 to 40,000	69	2,415,627	0.62%	
40,001 to 50,000	42	1,894,687	0.48%	
50,001 to 100,000	119	8,143,313	2.08%	
100,001 to 200,000	115	17,088,815	4.36%	
200,001 to 400,000	69	19,001,573	4.85%	
400,001 to 600,000	48	23,808,489	6.07%	
600,001 to 800,000	20	14,087,691	3.59%	
800,001 to 1,000,000	17	15,245,029	3.89%	
1,000,001 and above	81	268,112,935	68.38%	
Total	15,496	392,064,626	100.00%	

Preferred shares: none.

(4) List of major shareholders: shareholders with more than 5% ownership interest or are among the top 10

January 4, 2023 (Ex-dividend Date)		
Name of major shareholder	No. of shares held	Ownership (%)
Kinabalu Holding Company	18,238,183	4.65%
HSBC in Its Capacity as Master Custodian for the Account of HSBC Corporation Limited	17,453,817	4.45%
LIU, YUON-CHAN (Young Liu)	16,296,026	4.16%
THO, TU HSIU-CHEN (Bonnie Tu)	8,406,668	2.14%
CitiBank Taiwan Custodianship of the Singapore Government Investment Account	8,043,453	2.05%
Chunghwa Post Co., Ltd.	7,065,223	1.80%
LIU, SU-HUA	7,051,777	1.80%
LIU, CHIN-PIAO (King Liu)	6,852,498	1.75%
YANG, HUI-QING	6,418,720	1.64%
FUBON LIFE INSURANCE CO., LIMITED.-TWOTC-FFI	6,208,236	1.58%

(5) Information relating to market price, net worth, earnings, and dividends per share for the last 2 years

Market price, net worth, earnings, and dividends per share

Item	Year	Unit: NTD	
		2021	2022 (Note 1)
Market price per share	High	367.5	347.5
	Low	272.5	200.5
	Average	314.71	249.71
Net worth per share	Before dividend	73.25	85.08
	After dividend	63.25	77.28
Earnings per share	Weighted average outstanding shares	375,064,626	376,834,489
	Earnings per share	15.81	15.51
Dividends per share	Cash dividends	10	7.8
	Stock dividends	-	-
	Cumulative unpaid dividends	-	-
Analysis of investment returns	P/E ratio (Note 2)	19.91	16.10
	Price to dividend ratio (Note 3)	31.47	32.01
	Cash dividend yield (Note 4)	3.18%	3.12%

Note 1: 2022 dividends will be paid after the 2023 annual general meeting.

Note 2: P/E ratio = average closing price per share for the year / earnings per share.

Note 3: Price to dividend ratio = average closing price per share for the year / cash dividends per share.

Note 4: Cash dividend yield = cash dividend per share / average closing price per share for the current year.

Note 5: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of this annual report. For all other fields, calculations are based on data as at the end of their respective years.

(6) Dividend policy and execution

A. The Company's dividend policy:

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserves; however, no further provision is needed when statutory reserves have accumulated to the same amount as the Company's paid-up capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. The residual balance can then be added to undistributed earnings carried from previous years and distributed or retained at board of directors' proposal, subject to resolution in a shareholder meeting.

The Company's dividend policy is developed based on current and future development plans after taking into consideration the investment environment, capital requirement, domestic/foreign competition, and shareholders' interests. No less than 20% of distributable earnings is paid as dividend. Dividends can be paid in cash or in shares, with cash dividends amounting to no lesser than 20% of total dividends.

B. Dividends proposed for the upcoming shareholder meeting:

The board of directors has proposed to pay cash dividends at NT\$7.8 per share for the 2022 earnings distribution.

C. Expected change in dividend policy: None

(7) Impacts of proposed stock dividends on the Company's business performance and earnings per share: None

(8) Employee/director/supervisor remuneration:

A. Percentage or range of employee/director/supervisor remuneration stated in the Articles of Incorporation:

\* Pursuant to the Articles of Incorporation: profits concluded by the Company in a financial year are subject to employee remuneration of 6% ~ 12%, and director remuneration of no more than 2%. However, profits must first be taken to offset against cumulative losses if any.

Employee remuneration can be paid in cash or in shares. Payments may also be made to employees of affiliated companies that satisfy the eligibility criteria.

The two decisions above are resolved by the board of directors and reported during the next shareholder meeting.

B. Basis of calculation for employee/director/supervisor remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

\* Employee remuneration was determined at 7.1% and director remuneration at 2% of distributable earnings. The amounts resolved by the board were indifferent from the amounts estimated in the latest financial statements.

C. Employee remuneration approved by the board of directors:

a. Employee/director remuneration, in cash or in shares:

\* Cash payment of employee remuneration amounted to NT\$538,258,062, which is indifferent from the amount previously recognized as expense in the year occurred.

\* Payment of director remuneration amounted to NT\$152,365,530, which is indifferent from the amount previously recognized as expense in the year occurred.

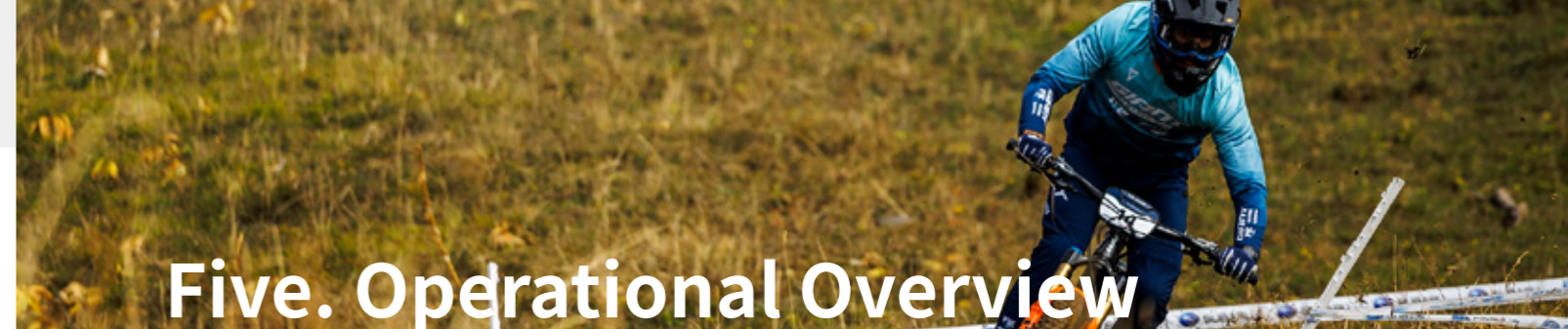
b. Amount of employees' remuneration paid in shares, and percentage relative to net income and total employees' remuneration shown in consolidated/standalone financial statements: None.

D. Actual payment of employee/director/supervisor remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies):

\* The board of directors and shareholders meeting previously resolved to pay cash remuneration totaling NT\$558,392,774 for employees and NT\$155,026,257 for directors out of the Company's 2021 earnings. The amounts recognized as expenses were indifferent from the amounts actually paid.

(9) Repurchase of company shares: None.





## 2. Disclosure relating to corporate bonds:

### Issuance of First Domestic Unsecured Convertible Bonds

Issuance	First domestic unsecured convertible bonds
Date of Board Resolution	March 25, 2022
Purpose	Repayments for bank loans
Document Number of Official Approval	Official Letter No. Financial-Supervisory-Securities-Corporate-11103429341 issued by the FSC on May 26, 2022 Official Letter No. Securities-TPEX-Bond-11100055652 issued by the TPEX on June 9, 2022
Issue Date	June 13, 2022
Total Par Value	NT\$ 4 billion
Maturity	5 years. Issued on June 13, 2022 with the maturity date on June 13, 2027
Number of Bonds Issued/ Denomination	40,000 units/ NT\$100,000 (each)
Issue Price	100.5% of par value
Coupon Rate	0%
Conversion Price at Issuance	NT\$290.7/share
Latest Conversion Price	NT\$275.9/share
Conversion Period	September 14, 2022 to June 13, 2027
Repayment	Except where holders of the convertible bonds convert the bonds into common shares of the Company pursuant to Article 10 of the Rules or exercise their put options pursuant to Article 19 of the same Rules, or the Company redeems the bonds early pursuant to Article 18 of the Rules or cancel the bonds purchased from TPEX, the Company will redeem the bonds at par value with a lump sum cash payment on the maturity date. Payments will be made within 10 business days (inclusive) from the maturity.
Amount of Converted Common Shares	NT\$0 thousand as of March 30, 2023

3. Disclosure relating to preferred shares: None.

4. Disclosure relating to global depository receipts: None.

5. Employee stock options: None.

6. Employee restricted shares: None.

7. New shares issued for merger or acquisition: None.

8. Progress on planned use of capital: None.

# Five. Operational Overview

## 1. Operations

### (1) Scope of business

#### 1. The Company's business activities include:

- (1) Manufacturing and sale of bikes, stationary bikes, electric bikes, and related products.
- (2) Manufacturing and sale of aluminum parts and rims.
- (3) Investment in bicycle production and sales companies.
- (4) Consultation service and investment.
- (5) Research, development, application, and promotion of carbon fiber composite materials.
- (6) Manufacturing and sale of Sport Goods.
- (7) Local and overseas travel service.
- (8) Bike leasing and promotion of outdoor activities.

#### 2. Weight of business activities:

Unit: NTD thousands		
Product	Net sales	Weight
Bikes	83,708,864	90.95%
Materials	6,344,896	6.89%
Others	1,989,915	2.16%
Total	92,043,675	100.00%

#### 3. The Company's current products:

- (1) Performance racing bikes: Bikes that are designed for Asian Games, Olympic Games, Le Tour de France, amateur races, and triathlons. Suitable for riding on asphalt, cement and stone-paved road surfaces, and for users who enjoy the thrill of speed. Wheel size is mostly 700C and 27 inches.
- (2) Road bikes: Featuring lightweight, thin tires and multiple gears, road bikes are suitable for riding on asphalt, cement and stone-paved surfaces for short distance, long distance, workouts and recreational use.
- (3) City trekking bikes: Suitable for riding on asphalt, cement and stone-paved surfaces, for recreational as well as commuting use in metropolitan areas. The Company makes a variety of models in this category, such as urban terrain, sports and commuting series with 700C wheels ranging from 26 to 27 inches in diameter.
- (4) Mountain bikes: Suitable for unpaved surfaces, such as mountain and forest trails. Favored by people who love nature, outdoor sports and mountain activities. Mountain bikes are generally characterized by their rugged frame, thick tires, deep tread, multiple gears, and front/full suspension. Mountain bikes are divided into downhill racing and off-road racing.



- (5) Youth bikes: Bikes that feature extra safety designs for children and teenagers, and bikes designed for performance and games.
- (6) Women's bikes: The Company's Liv brand targets female consumers exclusively, and aims to appeal to women's ergonomics, riding occasions, taste, and color preference. Road bikes, mountain bikes, city bikes, and personal and vehicle accessories have been introduced under this brand.
- (7) Folding bikes: Bikes that can be folded effortlessly into smaller size and hand-carried or stored in the trunk of a car. The Company manufactures folding city bikes, mountain bikes and electric bikes in this category.
- (8) Trekking bikes: Featuring a body similar to road bikes, trekking bikes are characterized by their multi-gear design, integrated racks, and high load capacity that make them suitable for long-distance travels.
- (9) Stationary bikes: Used exclusively indoors, stationary bikes offer a broad range of workout programs for users to choose from and maintain fitness data. They appeal to those who wish to exercise indoors regardless of weather and time constraints.
- (10) Electric bikes (e-bikes): Featuring batteries, powered motors and electronic parts. They use electricity to for pedaling support, and hence allow people to ride with less effort. Suitable for recreational and commuting use.

#### 4. New product development plans:

GIANT focuses on high-end road bikes developments as these are the main drivers of the cycling industry and the keys to success for Giant brands and business. To maintain our leading position, we will allocate more resources to our commitment of all-rounder models with advanced aerodynamics and endurance. Meanwhile, we will actively sponsor UCI road races to demonstrate our world-class competitiveness. In addition, our in-house components and Power Meter offer the public a worthy alternative for performance-level road bikes.

For the Gravel/Cyclocross series, we introduce brand-new Revolt Advanced X. Its suspension fork allows riders to tackle more challenging and interesting gravel rides. The newly equipped dropper seatpost is another highlight to the model. The shorter travel can respond quickly to cyclists' commands while the suspension function reduces the impact of rougher trails. Combined these features with a brand-new gravel wheelset, we have extended and transformed product value to greater business opportunities in the Gravel segment.

For mountain bike series, Giant will increase its investments in the most important segment - the trail market. All-new trail mountain bikes will be released this year. The TRAIL, which allows for more adjustable riding position and is equipped with diverse frame designs and flip chip to adjust the suspension function, will become the most versatile all-rounder mountain bike of Giant, fitting to all terrains and settings of trail rides to impress the market and consumers.

The female-specific brand, Liv, will continue to extend its road bike market, sponsor the world-class female teams of Liv Racing TeqFind and Team Jayco AlUla, and provide greater product choices as well as superb riding experience to female consumers.

For mix-terrain and mountain bike series, Liv will roll out premium models to satisfy the cycling needs of high-end customers. Exercise and commuter bikes also play important roles. Trendy topics such as ESG and eco-friendliness have been incorporated into our products in hope to contribute to the planet as we provide comfortable riding experiences.

E-bike has grown substantially in recent years. To expand brand advantage, our Human Interface will be equipped with a higher level of smart intelligence integration in 2023. Consumers can directly access not only our self-developed RideControl control unit, RideDash display, and RideControl App, but also the third-party gear shifting system (Shimano, Enviolo, SRAM, etc.) connected to the bike, achieving comprehensive integration of cyclist, bike and system. This is also a competitive edge of Giant for owning the autonomous systems. Besides, all batteries of e-bike will be manufactured with CO2 neutral process as we lay the foundation for environmental sustainability. Moreover, the flagship models to be unveiled this year, Defy E+ and Avail E+, will be the Group's first high-end lightweight, carbon composite road bike. It is guaranteed to be a market sensation as well as push our sales further up.

As the premium cycling component brand, CADEX will persist in launching products with cutting edge features for high-end riders to sustain its brand influence. We have scheduled to roll out brand-new integrated carbon wheelsets and lightweight performance level tubeless tires for road bikes to further complete our product lines and satisfy high-end cyclists' pursuit of extreme performance, offering the best riding experience for upscale riders.

As for in-house components, Giant concentrates on the research and development of high-end components and continually introduces the most advanced trendy products. Our aggressive expansion in carbon wheelsets and saddles for both road bikes and gravel bikes is supported by our profound competence in the manufacture of carbon composite and aluminum alloy parts as well as our expertise in bike developments. Furthermore, advancements in precision manufacturing technology and assembly line propel the development of suspension component in mountain bikes to another level. We persist with in-house developments of high-end components for Giant bikes of all segments to secure the leading position in the industry and offer consumers superior riding experience.

Following the release of Pakyak E+ cargo e-bike in the first half of 2022, Momentum plans to roll out lightweight Cito E+ and Kompakt E+ this year. The designs of these two lightweight cargo e-bikes have been modified for the North American and European markets. Being lightweight and nimble, they are perfect solutions for medium and short-distance travel in the cities. These two new models allow diverse possibilities for cargo transport, whether it is for taking children to school, shopping or travelling to the countryside. Of these two, Cito E+ is also the Group's first e-bike with throttle handlebar. It can reach a speed of 20mph when using the throttle and 28mph with pedaling, conforming to the definitions of Class 2 and Class 3 e-bike under the U.S. federal laws. Both models will enrich cargo bikes options of Momentum, offering a wider selection to city commuters.

## (2) Industry history and overview

### 1. Industry history

Taiwan's bicycle industry began after the Japanese colonial period. In the beginning, bikes were imported from abroad to meet domestic demands. It was not until the 1970s when cycling emerged as a popular sport in the United States, that Taiwan's bicycle industry began to prosper for more than 40 years. Due to lack of domestic demand, manufacturers first began by providing OEM service for European and American brands, which made bikes a typical export-driven industry. Through OEM service, manufacturers began to develop the know-how, the R&D capacity, as well as a comprehensive supply system.

In 1980, Taiwan exported more than 3 million bikes and surpassed Japan to become the world's largest bicycle exporter. This advantage lasted until 1991 when China emerged to surpass Taiwan in terms of bicycle export volume, but the value of exported bikes still fell far below Taiwan at that time. In 2000, China surpassed Taiwan in both export volume and value, and officially replaced Taiwan as the world's largest bicycle exporter. However, in recent years, the industry had created the A-Team, a group of elite manufacturers that successfully shifted the focus of Taiwan's cycling industry towards high value-adding R&D and production. A-Team achieved its strategic target and was dissolved in 2016. Nevertheless, Taiwan remains an important supplier of mid-end and high-end bikes in the world.

2. Industry overview

The Company has built its presence in the bicycle markets all over the world. The Group's businesses can be divided into production and marketing. The former covers proprietary brands and OEM services while the latter serves proprietary brands exclusively. Our brands were founded in Taiwan and later ventured into global markets in 1986. At present, the major markets were Europe, USA and China.

After the previous cycling frenzy in 2007, Taiwanese manufacturers started to adjust their domestic sales strategies. They reexamined the structures and strategies of product, marketing and channels, while strengthening marketing and consumer experience. After three years of adjustment and transformation, bikes are no longer regarded as merely a tool for commute but more for sports and recreation which were the major forces behind the increasing cycling population each year. The booming demand for bikes since COVID-19 in 2020 is believed to be the new normal and brings enormous business opportunities to the cycling industry. Today, Taiwan's bicycle market continues to exhibit consistent growth, where Giant is being recognized by domestic consumers as the No. 1 brand.

Taiwan's export volume of bicycles has rebounded strongly due to changes in the economic environment and green awareness. Average unit price for export has also raised steadily, proving Taiwan's leading position in high-end bicycles. In recent years, we have seen a continual explosive growth in E-bike exports which drives industry growth. Approximately 1,037 thousand units of E-bikes were exported from Taiwan in 2022, which was equivalent to US\$1.55 billion in dollar amount, up 18.1% from 2021. The combination of Taiwan's profound expertise in manufacturing traditional bikes and its technological competence would guarantee the acceleration of E-bike supply in Taiwan.

Upstream, midstream and downstream connections of the bicycle industry

Industry role	Upstream		Mid-stream			Downstream
Supply	Raw materials	Structures	Controls and wheels	Drivers and suspension systems	Electronic Control Unit	Bicycle assembly
Product category	Aluminum and carbon fiber materials	Front fork	Handlebar Handlepost Saddle, seat post Rim Gear, steel wire Tire and tube	Brake lever, rim brake Brake wire Suspension fork Rear suspension	Motor Battery Monitor Controller	Assembly of bikes and parts Sale of bikes and parts Servicing of bikes and parts Customers & consumers

(3) Technological research and development

1. R&D expenses in the most recent fiscal year up to the publication date of this annual report: NT\$1,531,809 thousand in 2022

2. Technologies or products successfully developed

In terms of road bikes, sales of GIANT's three major road bike models - Defy, TCR and Propel continue to soar in the thriving market. The brand-new Propel made its debut at Tour de France. With supreme features including all-round aerodynamics, ultra-lightweight and integrated cable routing, the model immediately accumulated two stage wins and four top-three rankings in stage competition, gaining maximum press exposure during the Tour. Such high exposure has turned into sales volume, pushing the sales of Propel to a record high.



Enduro is another attempt of GIANT at the endurance mountain bike, which is the market segment showing the quickest change and the most drastic technological developments. With adjustable long-travel design, Enduro 29 pursues performance most adaptable to all terrain on the trail, differentiating it from homogeneous products in the mountain bike market. Its bold product appeal and marketing make it a favorite among media and bikers while at the same time successfully maintain the dominant position of endurance models.



The Group demonstrates its commitment and innovation in e-bike yet again through Trance X Advanced E+ Elite this year. The model was released at the international press conference in the U.S. in November 2022, attracting the attention of numerous well-known cycling and e-bike media worldwide. It is the Group's first lightweight, carbon composite e-mountain bike with full suspension, and the only one in the industry using the 22700 cells. The smaller battery with superior functionality supports the need for high torque of e-bikes. The

all-new model comes with 85Nm of torque, which is the highest level among all lightweight e-bikes. In addition, cyclists can adjust acceleration, torque and power output through the exclusive RideControl App. Besides the latest electronic control technology, ultimate control and crossover allow users to demonstrate their skills and enjoy the speed at steep or complex terrains.

Liv allocates numerous research and development resources on performance level models. Through discussions and trial tests with athletes, the all-new EnviLiv aero bike series was launched this year. Buoyed by unique aero tube shaping, carbon technology plus significantly elevated aerodynamic efficiency and sprint performance, athletes and consumers can deliver unprecedented performance on roads or in short-distance triathlons.



Liv renews its mountain bike series and launches Intrigue LT with extended suspension travel, and Lurra, a brand-new hardtail mountain bike. Intrigue LT is perfect for female cyclists wanting to challenge more advanced terrains while enjoying the trail with ease. As for the new Lurra series, which is also suitable for experienced consumers, it provides higher climbing efficiency while retaining the advantages of full-suspension mountain bike for riders to glide through singletrack trails.

As for e-bikes, Liv rolled out Intrigue X Advanced E+ Elite, the world's first female lightweight carbon composite e-mountain bike with full suspension, in March 2023. Its lightweight and superb performance won the favor of female cycling journalists from the U.S., Canada, the U.K., France and Australia. They were impressed by the women-specific, lightweight, full suspension e-mountain bike delivering both performance and aesthetics at Liv's global press conference at Utah in November 2022. Furthermore, Liv introduced Allure E+ under its E-city series in March 2022. The bike successfully carves itself a place in Benelux, being the dark horse in sales of the region and won the honor of "The Best Bike at Test Run" by the German magazine, My Bike.



Momentum continues to advance in lifestyle e-bike and unveils the Group's first mini electric bike, Voya E+, in North America. With a weight of merely 18 Kg, Voya E+ is the lightest-ever bike in the Momentum lineup. Featuring rear hub motor, an integrated 250Wh battery and a controller unit on the top tube, Voya E+ has the appearance of a normal bike, giving consumers a light and easy choice for short-distance travel.

To expand the product range of high-end components, CADEX remains committed to quality and sets the ultimate goal of building CADEX TRI frames for Kristian Blummenfelt, the number one athlete in PTO rankings, to break the SUB 7 record. Equipped with CADEX TRI frames best fit for Ironman 226 plus a matching CADEX Aero disk, CADEX TRI delivers performances closest to actual scenario and demand in terms of aerodynamic characteristics, efficiency, supply system and geometry adjustments. The product has lived up to expectations, breaking the 7-hour Ironman barrier at the SUB 7 in the shortest span of time. After the 2022 Tour de France, CADEX immediately rolled out the CADEX 50 Ultra Disc wheelsets and CADEX Aero tires, which gave outstanding performance in Giro d'Italia and Tour de France. Through wind tunnel

testing, CADEX is able to provide performance grade wheelsets and tires with the maximum aerodynamic advantage, highest efficiency and lightest weight possible. To complete the Gravel range, we rolled out the lightweight CADEX GX carbon handlebar for gravel rides, adding better control and comfort to longer rides over rough ground.

The Giant Group unveiled the all-new Bike Fitting brand – Dynamic Cycling Fit (DCF) in the Taipei Cycle 2023. DCF provides customized setting services at different levels and a wide range of tools to satisfy various needs from consumers, stores and fitter. The services range from Online Sizer, which quickly locate the right bike size for consumers; the low-cost and user friendly DCF 2D APP for fundamental Bike Fitting; and high-end Fitting services. With the combination of DCF Bike simulation and DCF 3D Motion Capture which has cameras on both sides to capture motions for real-time analysis, the adjustment on position or analysis on posture have been relatively quick, accurate and efficient. DCF aims at helping people to find the right bike with the right size and appropriate settings. Besides avoiding complications from poor posture, the pleasure of a comfortable ride will attract more people to take on the sport and get into the habit of exercise, improving fitness, health and riding performance as well as bringing a better lifestyle to people.



(4) Long and short-term business plans

Being the modern Cycling Service brand which communicates with end users, we use E-comm, Giant ID and Digital Marketing to connect us with consumers, build the cycling ecosystem and focus on the R&D of one and only product. Business models other than manufacturing are also emerging. By tying in digital transformation with highly efficient matrix organization, executing disciplined and well-functioned production/sales plans to bring down inventory to normal level and managing collections and payments, we enhance the Group's resilience for sustainable growth.

The short-term business plans include the completion of global production arrangements, investments in automated production and strengthening of the European short supply chain to enhance the Group's overall competitiveness in manufacturing and supply. As for sales, we will continue to expand our presence worldwide and improve our digital marketing capabilities. Besides offering innovative products to satisfy consumers' demand through our four main brands: GIANT, Liv, Momentum and CADEX, we would lead market trends. After the success of DCF, we will promote channel modernization, increase the digital content of Giant Retail Academy and enhance value-added services, connecting O+O. We also call on partners to initiate the BAS with the objective of committing to lowering carbon emissions from bike consumption and production and ensuring a sustainable production and supply framework, turning bikes into true green products. We hope the cycling industry in Taiwan would bring the world to embrace low carbon business opportunities for bikes to be the best solution for green transportation while earning carbon credits, thereby turning adversities to advantages.

## 2. Market and sales overview

### (1) Market analysis

The industry expects to see continuous growth in the global bicycle market with a size of US\$147.2 billion by 2027. Asia Pacific region is deemed as the most promising segment among all while e-bike will be a crucial driver for the sustainable growth.

Differentiated by market and channel, products can be segmented into “Specialty market” which focuses on recreation and competition models, the “Mass market” which addresses the commuting and transportation models, and the “Sports market” which contains the few models between the previous two markets.

Demands from developing countries lean towards commuting, whereas recreation/sport models are the primary demand from developed countries supplemented by commuting products.

#### 1. Locations where products are mainly sold:

Unit: NTD thousands, thousand units

Location	Sales volume	Sales value	Sales value as a percentage to total
America	604	17,918,807	19.47%
Europe	1,236	36,478,699	39.63%
Asia	2,303	24,973,967	27.13%
Taiwan	103	3,768,764	4.10%
Others	671	8,903,438	9.67%
Total	4,917	92,043,675	100.00%

#### 2. Market share:

- (1) The Company has long maintained its leading position in Taiwan with a market share of approximately 30%. It specializes in the recreational/sports variety, owns 300 exclusive distribution stores, and has the best brand image and awareness in the domestic market.
- (2) The Company has had 20 years in the Chinese market and was the first brand to introduce recreational/sports series. It currently owns around 3,000 distribution stores and, with the strategy of GIANT, Liv, Momentum 3 brand, GIANT has secured its place as the No. 1 bicycle brand in China.
- (3) Europe, especially Western Europe, is an important market to Giant. Giant has already established good brand image here, and its European plants have played an important role. Today, GIANT is one of the top three brands in EU.
- (4) North America leads the cycling trends with mainstream being the mountain bikes. As E-bike regulations have gradually matured in the last two years, the market has flourished. Giant has had more than 20 years of experience in the North American market, where it serves consumers through more than 1,000 distribution stores. It is currently one of the top three brands in North America.

### 3. Future market supply, demand and growth:

The rising awareness of energy-saving and carbon reduction has made bikes, which feature zero carbon and pollution, the best green transportation device worldwide. Cycling offers a number of benefits in terms of fashionable lifestyle, health, short-distance commuting, recreation and environmental protection, and has become a necessity in life. In addition to proactively promoting the use of bikes, governments around the world aggressively invest in relevant infrastructures. Subsidies are granted to encourage and entice the public to take on bikes and e-bike. European Parliament even passes the resolution to double the kilometers cycled in Europe by 2030 and sets out a 17 action plan. All in all, we expect to see continuous growth in bicycle demands and sales in the future.

### 4. Competitive advantage:

#### (1) Product advantage

The Company has built the GIANT Cycling World through its Performance, Sports, Innovative Lifestyle (PSI) product lines with the concept of indoor cycling to satisfy consumers’ cycling requirements worldwide. Regardless of the environment or purpose of the rides, consumers can find a bike that meet and satisfy their needs through the unique “GIANT Cycling World”.

The Company has always stressed the importance of product research and development as well as innovation. It invests substantial resources on the development of new technologies and models annually to initiate and lead the trends as well as create competitive advantages with product differentiation. By sponsoring professional cycling teams, we can continuously perfect our products via rigorous tests and feedback of professional cyclists. Our sole objective is to develop products that go beyond consumers' expectations.

#### (2) Production advantage

The Company was founded as a manufacturer. It started with the Toyota Production System (TPS) and gradually developed its own Giant Production System. Over time, the Company has accumulated abundant manufacturing experience and competence. Giant currently operates eight bicycle factories around the world. Thus, it has access to production resources in various parts of the world, and the competitive advantages of each factory can be optimized via job specialization on a global scale. Together with full utilization of supply chain at each factory, we have the strong competitiveness we enjoy today. At present, the Group proactively promotes ERP system upgrades to improve automated manufacturing process, thereby facilitating the shift towards Industry 4.0.

#### (3) Marketing advantage

The Giant Group has devised the strategy of equal importance on OEM/ODM and proprietary brands more than a decade ago. It designs and manufactures for reputable global brands as well as operates a global distribution network for its proprietary brands. At present, the Group has four major brands, i.e., GIANT, Liv, Momentum and CADEX, to meet demand from different consumer groups. Furthermore, it actively expands the online and offline sales channels through Online + Offline for consumers’ convenience as well as provides premium services through physical channels.

In response to changes in consumer behaviors, the Giant Group adopts digital marketing to communicate with consumers, bringing our four major brands into consumers’ online lives.

## (4) Service advantage

The Company's sales network reaches far corners of the world. Out of confidence for our brands and commitment to consumers, we offer the most comprehensive and thoughtful services through our service network at each region. From 2012 onwards, all bike frames are covered by lifetime warranty while non-consumable parts have one-year warranty. The Company has also built a comprehensive after-sale service system through its global marketing network and customers. Consumers can enjoy the fastest and most convenient services at nearly 10,000 retail outlets worldwide. Meanwhile, Giant has product liability insurance coverage of US\$10 million each year which provides global consumers with the best product assurance available.

In an attempt to improve consumers' bike shopping experience, Giant has initiated the Right Ride system in Taiwan over the past few years, helping consumers with choosing the right model. We now take one step further and introduce the high-precision cycling fitting system under the DCF brand. It can select frames, saddles, pedals, and handlebars of the best fit based on the analysis results, eliminating sport injuries and discomfort due to ill-fitting frames or components during cycling. Riders can therefore enjoy personalized cycling settings. The service also allows Giant to forge a deeper bond with consumers.

## (5) Competitive advantage from covering the entire value chain

The Company markets its products to the world under proprietary brands. Our business scope encompasses the entire value chain from research, development, procurement, production, manufacturing, sales, marketing, branding, after-sale service, operation management to financial management, which is unique in the global cycling industry. Managing a comprehensive value chain allows Giant to optimize synergy benefits and competitive advantages.

## 5. Future opportunities, threats, and responsive strategies:

## (1) Opportunities

## a. The rise in the global awareness of energy saving, greenhouse gas (GHG) reduction and environmental protection benefits product sale

Given the rise in the awareness of energy conservation, GHG reduction and environmental protection worldwide, nations have set targets on annual reduction of GHG emissions and the primary source of GHG happens to be motor vehicles.

Cycling is a clean form of transportation that produces neither air nor noise pollution, making it an ideal solution for moving at short distance or within communities and an important commuting "partner". The European Green Deal has increased its support to the cycling industry; for example, the EU Finance Minister proposes to lower the value added tax on bicycles and e-bikes. Cycling is gradually blended into daily life and its market demand will undoubtedly expand.

## Countermeasures:

Giant continues to organize Cycling Day events and promote the eco-friendly features of bikes through industry association, Cycling Lifestyle Foundation and the media. We encourage consumers to choose bikes over cars and motorcycles to maintain the quality of our environment. In the meantime, we continue to develop eco-friendly products, such as e-bikes that run on electricity without creating any pollution, to generate new demands.

## b. Uprise of health awareness worldwide benefits product sale

Unbalanced diet and lack of exercise have led to obesity, health issues and a serious waste of medical resources.

In recent years, the trend of exercise is emerging and cycling is perceived as the best outdoor exercise as well as an ideal means for commuting and maintaining social distance. As it greatly benefits the physical and mental health of body and mind, it has become a fashionable health product well-received during the pandemic, which is favorable to the industry development.

## Countermeasures:

The Company continues to invest significant resources into the recreational and sporting segments, and develop fitness products that are attractive and fun to ride. We will persistently promote the cycling sport through marketing and distribution channels.

## c. Well-perceived global competitiveness of Taiwan's cycling industry facilitates the promotion of products made in Taiwan

Bicycle is a comprehensive industry. There is still enormous potential for innovative and high value-adding products to complete the associated industries in Taiwan. Moreover, Taiwan has long been a world's main exporting nation with strong global competitiveness in terms of assembled bikes and parts. Tying in these factors with Taiwanese companies' control over the cycling industry in China and Southeast Asia, we believe we can enjoy production and selling advantages compared to the rest of the world through proper integration and division of labor.

In recent years, Taiwan's cycling industry has moved towards creating innovative values and high-end applications. These efforts have made Taiwan a critical part in the world's supply of high-end bikes. The gap between us and the runner-up countries is evidenced by the annual increase in the average unit price of bikes exported from Taiwan.

## Countermeasures:

The Company will continue to rely on the competitive advantage of Taiwan and integrate the G-Star Team as well as a satellite system formed by suppliers to fully realize the competitive advantages of the industry. We stay committed to develop innovative and high value-adding products while maximizing production and marketing capacity. The Giant Group and key leaders in the cycling industry jointly propose ESG initiatives for the industry and build Bicycling Alliance for Sustainability (BAS), an exclusive platform for the industry chain. The objective is to align the cycling industry chain with the trends and realize carbon reduction targets in product design and production for low carbon transition of the industry, thereby driving upstream companies in the supply chain to take ESG actions.

## (2) Threats

## a. Intensifying competition in the cycling market

The rise of environmental protection, sport and health awareness in recent years has made cycling a popular exercise throughout the world, contributing the robust development in the cycling industry. However, given the low entry barrier of the industry, non-bicycle manufacturers are joining the competition. In search of growth opportunities, existing cycling companies are actively investing into product development, marketing and distribution. Market competition is expected to intensify.

Countermeasures:

Giant has nearly 30 years of global experience. Our products and brands are well-recognized and loved by the market. The Company has 100%-owned marketing subsidiaries in all major markets around the world and their presence ensures the most immediate response plus the strongest connection with local consumers. In the future, we will continue investing into the development of innovative products and technologies, enhancing resource integration and efficiency, and strengthening product and brand marketing activities. Furthermore, the Company will also observe the employment of new technologies in the bicycle industry to allow improvement in marketing and service quality in order to withstand the fierce market competition.

b. Trade barriers around the world

Recently, some countries have imposed tariff barriers (such as high tariffs or additional levies) or non-tariff barriers (such as normalized pricing and import restrictions) against bicycle imports and there are countries resolved to anti-dumping duties. All of which can affect Taiwan's bicycle export.

Countermeasures:

Giant has transnational production base and will set short supply chain as the strategic goal to diminish the impact of trade protectionism.

(2) Main product applications and production processes

1. The Company manufactures bikes for recreational, sporting and commuting uses.

2. Below is a description of the production process:

Summarized production process for Giant bikes: frame cutting and drawing → frame processing and welding of accessories → pre-welding treatment → frame assembly and welding → T4 thermal treatment → frame calibration → T6 thermal treatment → pre-coating treatment → coating and labeling → wheel assembly → bike assembly → packaging and shipment

(3) Supply of main materials

Main materials			
Item	Name of main product	Main source of supply	Supply status
Structures	Frame, front fork	In-house; domestic and foreign suppliers	Stable
Control systems and wheelsets	Handlebar, handlepost, saddle, seat post, rim, gear, steel wire, tire and tube	In-house; domestic and foreign suppliers	Gradually stable in the 2nd half of the year
Drivers and suspension systems	Brake lever, rim brake, brake wire, disk brake, suspension fork, rear suspension	Domestic and foreign suppliers	Gradually stable in the 2nd half of the year
Transmission systems and others	Front and back derailleur, shifter, shifter cable, spur gear, chain, freewheel, pedal, etc.	Domestic and foreign suppliers and self-production	Gradually stable in the 2nd half of the year
E-systems	Motor, batteries, panel/display, controller	Domestic and foreign suppliers	Slightly tight

(4) Name of trade partner representing more than 10% of total purchases (sales) in any of the previous two years, and the amount and percentage of purchase (sale); describe the cause of any variation

Main suppliers in the last two years

Unit: NTD thousands

Item	2021				2022			
	Name (Note 1)	Amount	% of annual net purchases [%]	Relationship	Name (Note 1)	Amount	% of annual net purchases [%]	Relationship
1	G2955	8,582,854	9.91	Non-related	G2955	9,173,833	9.80	Non-related
	Others	78,040,485	90.09		Others	84,410,727	90.20	
	Net purchase	86,623,339	100.00		Net purchase	93,584,560	100.00	

Note 1: List the names of suppliers that represent more than 10% of purchases made in the last two years, and individual amount and percentage of total purchase; use alias if the contract does not permit disclosure of supplier's name or if the counterparty is an unrelated natural person.

Explanation of variation: No significant variation had occurred

Note 2: TWSE/TPEX listed companies are required to disclose audited or auditor-reviewed financial information available before the publication date of annual report.

Main customers in the last two years

Unit: NTD thousands

Item	2021				2022			
	Name (Note 1)	Amount	% of annual net sales [%]	Relationship	Name (Note 1)	Amount	% of annual net sales [%]	Relationship
1	G3001	14,366,125	17.55	Non-related	G3001	16,991,606	18.46	Non-related
2	G3002	8,367,707	10.22	Non-related	G3002	15,293,214	16.62	Non-related
	Others	59,106,038	72.23		Others	59,758,855	64.92	
	Net sales	81,839,870	100.00		Net sales	92,043,675	100.00	

Note 1: List the names of customers that represent more than 10% of sales made in the last two years, and individual amount and percentage of total sales; use alias if the contract does not permit disclosure of customer's name or if the counterparty is an unrelated natural person.

Explanation of variation: No significant variation had occurred

Note 2: TWSE/TPEX listed companies are required to disclose audited or auditor-reviewed financial information available before the publication date of annual report.

(5) Production volume and value in the last two years

Unit: NTD thousands; thousand units

Main products	Year	2021			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Bikes		6,200	6,061	59,397,534	6,203	5,843	75,133,572
Materials		-	-	6,102,091	-	-	6,344,896
Total		6,200	6,061	65,499,625	6,203	5,843	81,478,468

Note 1: Due to the Company's globalized operations, the production capacity represents the number of products that can be produced using existing equipment under normal circumstances, after taking into account the increasingly stringent regulations and factors specific to local operations

Note 2: Include bikes and frames.

(6) Sales volume and value in the last two years

Unit: NTD thousands; thousand units

Main products	2021		2022		2021		2022	
	Domestic sale		Export sale		Domestic sale		Export sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Bikes	150	1,729,136	4,786	71,928,880	103	1,955,903	4,814	81,752,961
Materials	-	-	-	6,102,184	-	-	-	6,344,896
Others	-	1,844,648	-	235,022	-	1,812,861	-	177,054
Total	150	3,573,784	4,786	78,266,086	103	3,768,764	4,814	88,274,911

3. Employees:

Employee information in the last 2 years up till the publication date of this annual report

Year		2021	2022	Year-to-date March 30, 2023
Employee count	Managers	253	247	249
	Staff	2,845	3,205	3,222
	Workers	9,843	10,214	9,894
	Total	12,941	13,666	13,365
Average age		35.33	35.72	36.85
Average years of service		6.29	6.23	6.76
Academic background (%)	Doctoral Degree	0.02	0.02	0.02
	Master's Degree	2.02	1.93	2.22
	Bachelor's Degree	16.5	16.73	22.86
	Senior High School	47.32	39.22	37.49
	Below senior high school	34.14	42.09	37.42

4. Expenditure related to environmental protection:

(1) Environmental expenses in 2022 and up to the publication date of this annual report included a fine of NT\$42 thousand for the violation of Subparagraph 5, Paragraph 1, Article 30 of the Water Pollution Control Act, "Other behavior sufficient to cause water pollution." Pond water was discharged into trenches outside the factory due to a malfunction of the replenishment system floats for the landscape pond as stated in No. Environment-Audit-1110048028 issued by the Taichung City Government in May 2022. Countermeasure: The pond was banned and there had been no discharge of effluent since. There was also a fine of NT\$6 thousand for the violation of Paragraph 1, Article 36 of the Waste Disposal Act and Subparagraph 2, Paragraph 1, Article 6 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste. Waste oil was found leaking in the waste storage zone as stated in No. Environment-Waste-1110113659 issued by the Taichung City Government in October 2022. Countermeasure: The environment of the storage zone had been improved and there had been no leakage since.

(2) Countermeasures and possible expenses:

1. The Company places great importance on increasingly significant environmental protection issues and occupational safety and health (OSH) management. Besides taking steps to achieve zero pollution and zero accident, production processes are carried out with tight control over pollution sources and the goal of source reduction. Wastewater and gas generated during the processes are treated to meet relevant standards before being discharged.

2. Environment, safety and health improvement measures taken by the Company are as follows:

(1) Strengthen employees' education and awareness on environment, safety and health:

For safety and health educational training in Taiwan, 32,091 employees participated in safety awareness promotion with a total of 5,356.2 training hours and 376 employees participated in the training for profession licenses with a total of 2,438 training hours in 2022. Safety, health and environment protection activities were held both on and off the premises and improved pursuant to guidance and principles of OSH management systems (ISO 45001/TOSHMS/CNS 45001).

(2) Reduce environmental pollution:

Giant's Taiwan factories are dedicated in improving the storage areas for waste and chemicals. In 2021, the Company spent a total of NT\$12 million on strengthening the hardware facilities of wastewater treatment plant. Automatic dispensing and remote water quality monitoring systems were installed for the ultimate goal of wastewater reduction, recycling and reuse. Sand filter towers were installed to improve the quality of effluent. To achieve improvements through automated equipment, we will further invest NT\$7 million on water recycling system to increase the reuse of water resource. Sludge dryers will be replaced with low-power and high-efficiency facilities for effective sludge reduction. As for air pollution control devices, the Company would spend NT\$75 million on setting up regenerative thermal oxidizer (RTO) in 2022, which would remove over 95% of VOCs, thereby improving air quality and enhancing the level of environmental friendliness.

(3) Enhance industrial waste reduction and reuse of resource/energy:

Industrial waste of Giant's Taiwan plant is handled by institutions approved by the Environmental Protection Administration. Also, the Company installed sludge dryers in September 2022. By drying the sludge, the volume to be processed can be reduced. These dryers can deliver a weight loss rate of 54.15%.

We improve energy efficiency as well as the recycling and reuse of energy by adopting heat recovery exchange units to collect waste heat from steam gas boilers. Ice water from manufacturing process is also reused and we have built a water recycling system.

The utilization rate and quality of resources and energy are improved across the board and the benefits of renewable resources, general resources and non-renewable resources are optimized.

Our factories in China will invest NT\$45 million on low-carbon and renewable energy facilities for environmental protection in 2022. Due to emission reduction, the purchase volume of nitric acid could drop by 46%, and coating materials with low VOCs would be used to lower hazardous waste.

## (4) Plans for utilizing renewable energy (or green energy):

The Giant Group actively invests in green (solar) power generation facilities as an implementation of ESG policy and carbon reduction as well as contributions to environmental protection. The sum of annual electricity to be generated from the facilities amounts to 2,900 MWh in Taiwan and 4,500 MWh in China for an investment amount of NT\$116.5 million.

## (5) Use of eco-friendly packaging materials:

We exercise green packaging, use natural materials and reengineering technology to reduce energy consumption on both the supply and demand sides, and mitigate the adverse impact of waste generated from packaging.

In terms of packaging materials, we are committed to repetitive use, recyclable, plastic reduction and the use of recycled papers. During manufacturing process, we aim to lower emissions from process and reduce GHG. Recycled papers and corrugated papers are used to replace EPE, plastic bags and plastic protection covers. Reusable hook-and-loop fasteners are adopted to replace rubber bands.

## (6) Regular environmental assessments and monitoring:

We engage government-certified testing institutions to monitor water quality (effluents, groundwater, and drinking water), air, noise, dust, special chemicals and organic solvents as scheduled. The outcomes have conformed to standards except for noise level which shall be improved upon to protect employees.

## (7) Occupational Safety and Health Committee:

We have adopted the OSH management systems (ISO 45001/TOSHMS/CNS 45001) as guidance for our practices of hazard identification, risk evaluation, compliance audit, target plan, education and training, procurement and modification management, corrective and preventive actions, emergency response, accident handling, internal audit, and regular management review meetings. Giant renewed the OSH management system certificate with SGS in February 2020, and continued to carry out annual inspections.

## (8) Dedicated environmental protection and OSH units:

The Company has a Work Safety Office which reports directly to the President. The Office specializes in overseeing environmental protection and OSH affairs.

Staffs of the Office include professional nurses and physicians who specialize in occupational medicine. They constantly promote health management measures, prevention of occupational diseases and health promotion activities stipulated by laws and regulations and create a more friendly workplace.

## (9) Introduce energy conservation policies for environmental protection and carbon reduction:

Headquarters at the Central Taiwan Science Park:

- a. Adopt LED lighting for the entire building and public areas surrounding the building
- b. Install inverters on air conditioning system
- c. Install regenerative drive system on elevators
- d. Recycle rainwater
- e. Use inverter motors
- f. Use double-layer Low-E glasses to block out heat
- g. Obtain green building certification

Giant's factories in Taiwan:

- a. Replaced old air compressors by Hitachi inverter air compressors with permanent magnet technology (50HP/37kW)
- b. Install solar panels on the rooftop of east and central warehouses
- c. Replace 790 sets of 80W T8 fluorescent tubes by 40W LED light bulbs
- d. Install a 520kW solar power system at the parking area

Giant Taiwan:

- a. Certify second-hand bikes for sale as a way of recycling
- b. Adopt smart energy-saving devices to monitor electricity consumption of the office building
- c. Introduce recycling box for reuse

Youth Logistics Center:

- a. The design of Youth Logistics Center incorporates the concepts of energy saving and carbon reduction. The building itself uses thermal insulation foams between walls to lower room temperature (a difference of 3 to 5° C between indoor and outdoor) and LED lighting to lower electricity consumption.

Factories in China:

- a. Develop and use eco-friendly ash removal powder to replace nitric acid which contains nitrogen
- b. Promote three industrial waste abatements and energy-saving technologies
- c. Install solar water heating system at employee dormitories for showers
- d. Install two sets of solar power systems on the roofs of factory buildings
- e. Introduce water-based paint with low VOCs and eco-friendly chemical agents
- f. Use inverter compressors to minimize energy consumption

In response to increasing pollution control regulations, we continue to operate with the objectives of sustainability and fulfillment of corporate social responsibility through process improvement and recycling of materials and resources.

## (10) Rules governing the promotion of environmental protection, energy conservation, and carbon reduction:

Environmental policy of the Company: Regulatory compliance, impact mitigation, ongoing improvement, and thorough education and training.

The Company has "Public Hazard Control Policy" and "Waste Management Procedures" in place for the promotion of environmental protection and energy conservation. There are also "Preventive Maintenance Management Rules" and "Power Equipment Management Rules" for energy conservation and carbon reduction of power equipment.



## 5. Labor-management relations:

The Company has formulated the human rights policy, stating its respect and support of the international human right standards and principles, including the Universal Declaration of Human Rights, the United Nations Global Compact (UNGC) and the Declaration on Fundamental Principles and Rights at Work of International Labour Organization (ILO). We comply with regulations of countries where we operate, establish as well as disclose policies concerning the protection of human rights, and prevent any action which invades or violates human rights. We make clear statement that we would treat and respect all employees with impartiality and fairness and regularly conduct risk assessments for employees to enjoy safety and stability at work.

In line with the human rights policy, the Company sets the following objectives:

### Labor rights:

Labor contracts signed by employees are in compliance with local laws and regulations to secure employees' economic benefits. Also, the Company provides group insurance and welfare measures in addition to social insurance required by law to care for our employees.

### Diversity, inclusion and equal opportunities:

The Company provides a workplace with gender equality and diversity. We treat all employees equally and prohibit discrimination on the basis of gender, race, religion, sexual orientation, age, health condition, political affiliation or pregnancy. We have zero tolerance for harassment and respect privacy. The Company is committed to create a workplace with equal opportunities, dignity, safety, and fairness as well as free of discrimination and harassment.

### Employee benefits:

We establish various welfare policies which incorporate the rights of employees. We are devoted to have employees enjoying health and work-life balance.

### Healthy and safe workplace:

We stress the important of a safe and healthy workplace. For employees to work in a healthy and safe environment, we establish the Occupational Safety and Health Committee to continuously improve the working environment and sanitary conditions, devote to lower occupational injuries and safeguard employees' physical and mental health.

### Strengthen labor-management communications:

We remain committed to build a working environment with excellent labor relations, protect the rights of employees and construct smooth communication channels between employers and employees as well as complaint mechanism for employees to voice their opinions and receive timely responses and assistance.

(1) Employee welfare measures, continuing education, training and retirement system and the implementation thereof as well as labor-management agreements and measures to protect employees' rights:

Giant values good labor relations. Management and labor meetings are held regularly and internal communication channels are built for employees to voice their thoughts and opinions and receive prompt responses and action plans. The rights of employees are incorporated and secured in various policies. Besides providing a diverse workplace, we encourage employees to pursue

a balanced, healthy lifestyle and proactively develop mutual trust between the employer and employees.

### 1. Measures to protect employees' rights

In view of social harmony and environmental protection bring about by cycling, our mission is to "enthusiastically share the new cycling culture of a healthy, joyful and low-carbon living, where people can enjoy better health, brighter life and more promising future." We initiated the "Cycling and Planting for Environmental Protection" activity, calling on employees to plant trees at the Taichung Metropolitan Park. We also take the initiative of "Cycling for a Better Future" for every employee to be a promotor of ESG.

As a good corporate citizen, the Giant Group is committed to its business operation, fulfills its corporate social responsibilities and fully complies with local laws and regulations at each operation sites. We support and abide by international labor rights standards, protect employees' legal rights and adhere to non-discrimination employment policy. We have drawn up and disclosed human right policy and conduct risk assessments regularly in hope to run a sustainable business where employees can work at ease with a sense of stability.

2. Work hours: The Company gives employees the flexibility of adjusting work hours to suit their needs, so long as the plan is compliant with the regulations on working hours.

### 3. Employee relations:

- The Company organizes annual Family Day events to promote harmonic relationship within families.
- A broad variety of domestic and overseas trips are being organized to facilitate interactions among employees and as a form of stress relief.
- In recognition of employees' long-term contribution, the Company full subsidizes round-the-island cycling tour for employees who have accumulated 25 years of service.
- Bicycle-related activities are being organized to encourage employees to experience for themselves the health benefits of various products they participate in making.
- Other events such as club activities, year-end parties etc., are being organized for the benefit of employees.

### 4. Salaries and benefits

- Profit sharing and employee bonus: The Company has drawn up profit-sharing rules which reflect business performance and build the foundation for mutual trust to promote employee participation.
- The Articles of Incorporation state that 6 to 12 % of the Company's annual profits, if any, shall be appropriated as employee compensation. In 2022, employee compensation was accrued at 7.1% with an amount of NT\$538,258,062 to be distributed in cash.
- Differential compensation: Reward employees with competence and contributions.
- A broad range of subsidies: Subsidies for weddings, funerals, celebrations, childbirth, illness or injury, major festivals, birthday, reference book, club activities, and childcare as well as scholarship for children of employees.
- Employee discounts on Company products and subsidies for cycling tours.
- Special discounts at contracted shops.
- Free visits to the Cycling Culture Museum with employee badges.

5. Day-to-day care:

- Health is the most valuable asset to everyone, which is why the Company organizes health checkups and promotes health awareness on a regular basis.
- The Company also provides group insurance to cover employees' personal safety.
- Canteens are available at business premises and a variety of nutrition-balanced meals is provided.
- Shuttle bus service has been arranged for the convenience of employees living nearby.
- Mental consultation sessions are provided regularly. Employees can make online reservations and relieve emotional stresses through consultation.
- Massage services by blind masseurs are provided regularly. Employees can make online reservations and relieve physical stresses through massage.

6. Employee education and training: At Giant, we offer a diverse learning environment where employees can constantly enhance their competence for the challenges ahead.

- Joyful and useful learning: We emphasize on the motivation and joy in learning, and teach skills that are practically useful in life. It is our hope to improve employees' personal competence in ways that support their future career development.
- Learning through practice: We encourage employees to learn through practice and hands on experience, and accumulate real experience that may prove useful in their future career advancement.
- Tolerance: We believe in employees' ability to learn quickly from their mistakes, which is why we offer a tolerating environment where employees are free to explore possibilities.
- Education subsidies: The Company provides education subsidies to help employees develop relevant expertise and competence.

7. Retirement policy:

The Group's retirement policies have been developed in compliance with laws and regulations in the place of operation. Employees located within the Republic of China are subject to the retirement policy established in accordance with the Labor Standards Act, where monthly contributions are made to the pension fund held under the name of the Labor Pension Fund Supervisory Committee. From July 1, 2005 onwards, the Company adopted the "Labor Pension Act" and implemented the following rules: Employees who began employment on or after July 1, 2005 are subject to the terms of the "Labor Pension Act," in which the Company contributes an amount equivalent to 6% of employees' monthly salary into their personal pension accounts held with the Bureau of Labor Insurance.

- Employees who began employment on or after July 1, 2005 are subject to the terms of the "Labor Pension Act". The Company contributes an amount equivalent to 6% of employees' monthly salary into their personal pension accounts held with the Bureau of Labor Insurance.
- Employees who began employment before July 1, 2005 were given the freedom to choose between the pension system provided under the "Labor Pension Act" or the "Labor Standards Act." Selection could be made at any time within the 5-year period starting from July 1, 2005
- Benefit standards of the old pension system under "Labor Standards Act": Two basis points are awarded for every full year of service up to 15 years and one basis point is awarded for every full year of service completed beyond 15 years with a maximum of 45 basis points.
- Employees who satisfy any of the following conditions may apply for voluntary retirement: (a) aged 55 or above and completed 15 years of service; (b) completed 25 years of service; or (c) aged 60 or above and completed 10 years of service.

The Company has implemented an Honorary Retirement Reward Policy which encourages dedication and devotion at work and appreciates contributions from employees. Employees of Group entities with required years of service for statutory retirement are rewarded a bicycle with employee signature, a trophy, and lifetime membership at Giant stores

8. The Collective Agreement of the Company:

The company has established the corporate labor union. However, there is no collective agreement signed yet since the labor union has not requested for the collective bargaining for the agreement.

(2) Loss incurred due to industrial disputes in 2022 and up to the publication date of this annual report: None

**6. Information security management:**

(1) Describe the risk management framework, policy, management plans and resources allocated concerning information security:

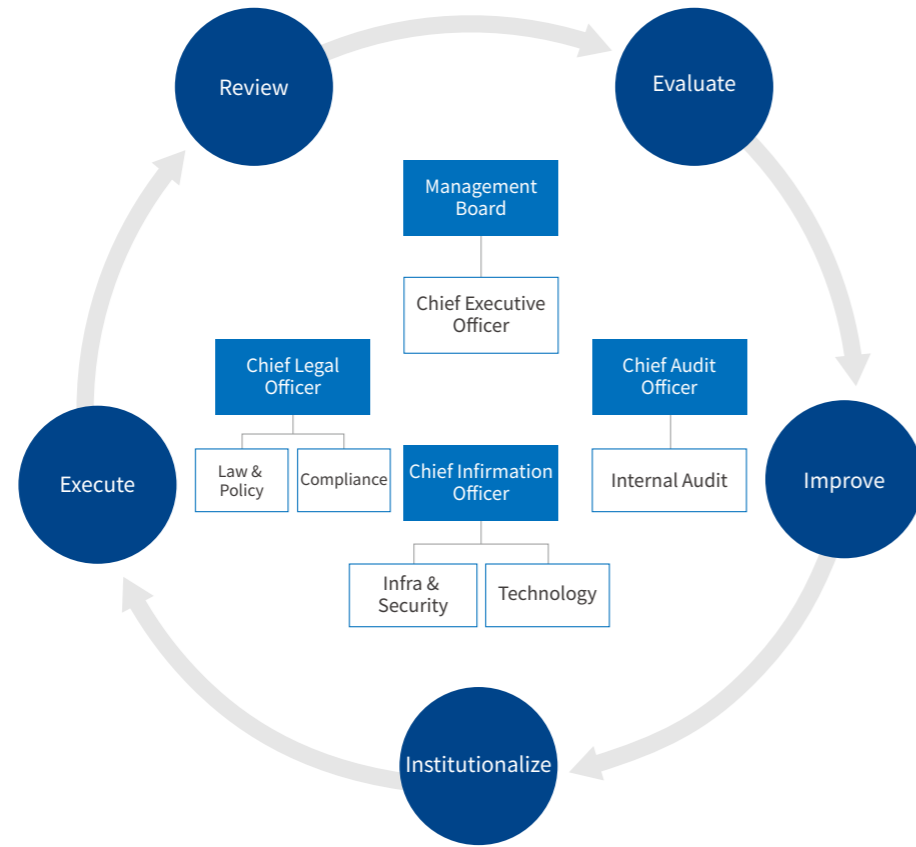
1. Information security management framework

Operation model: Adopt PDCA cycle to ensure achievement of reliability objectives and continuous improvement

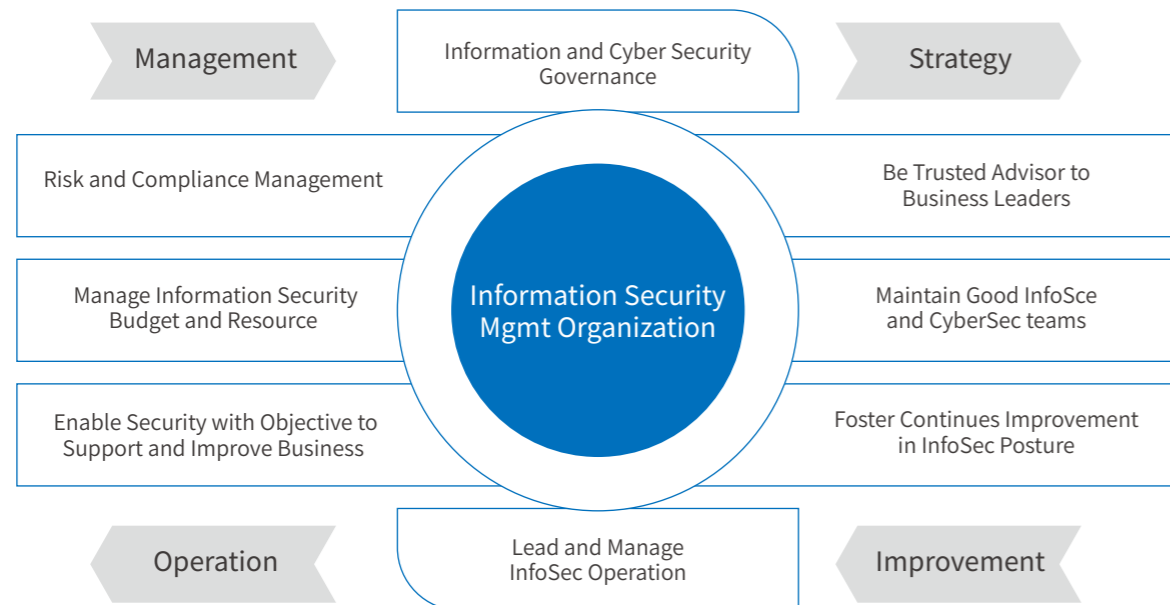
(1) Global Information Center is the unit responsible for information security. The Company has assigned one chief information officer and a dedicated staff to formulate internal information security management policy, organize and execute information security operation as well as promote and implement information security policy.



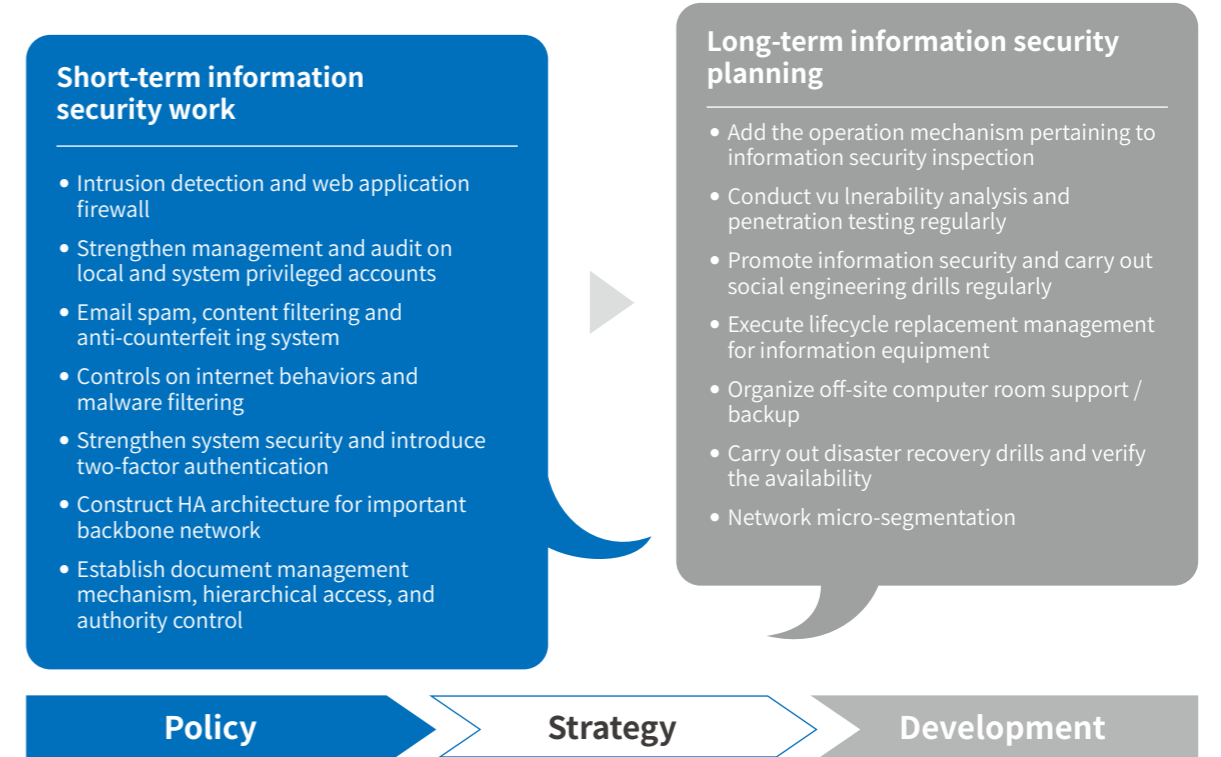
(2) Internal Audit Office is the supervisory unit for information security. The Office has one audit officer and several dedicated staffs. It is responsible to supervise the implementation of internal information security measures and regularly report to the Audit Committee on the outcome of safety inspection. Where deficiencies are identified, the unit under inspection is required to submit improvement and action plans. Improvements would be monitored regularly to mitigate internal information risk.



2. Information security management strategy



3. Information security management plan



4. Information security management measures

- (1) Establish an information security task force to formulate relevant management policies and implementation plans to ensure information security.
  - (2) Handle personal information prudently in accordance with the Personal Data Protection Act.
  - (3) Passwords and anti-virus software are required for both personal computers and servers. Passwords and virus patterns shall be updated regularly.
  - (4) Comply with regulations pertaining to intellectual property rights and ensure all computer software programs installed are licensed copies.
  - (5) Carry out backup and inventory of important data, and regularly verify the validity of the backup files.
  - (6) Conduct regular drills in accordance with the "Business Continuity Plan " to facilitate rapid recovery of system in the event of an information security incident.
  - (7) Promote information security regularly to increase employees' awareness on relevant matters and legal issues.
  - (8) Passed the third-party inspection in 2023 and met the ISO/IEC 27001:2013 verification.
- (2) Loss, impacts and action plans due to major cyber security incidents in the most recent year and up to the publication date of this annual report, and where the amount cannot be reasonably estimated, please specify the reasons: None.

7. Major contracts:

Contract nature	Parties	Contract start/end date	Main contents	Restrictive clauses
Cycling team sponsorship contract	Jayco ALUla and Liv Racing TeqFind	From: January 2022 To: December 2024	Sponsoring of professional cycling teams	None

# Six. Financial Summary

## 1. Summary balance sheet and statement of comprehensive income for the last 5 years

(1) Based on IFRS

Consolidated Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		39,132,740	42,635,282	45,399,224	58,062,286	73,216,914
Property, plant and equipment (Note 2)		9,183,491	10,587,542	11,964,933	12,181,556	13,091,836
Intangible assets		210,389	469,860	453,506	561,987	482,936
Other assets (Note 2)		4,108,615	5,337,466	4,684,125	6,393,602	6,743,093
<b>Total assets</b>		<b>52,635,235</b>	<b>59,030,150</b>	<b>62,501,788</b>	<b>77,199,431</b>	<b>93,534,779</b>
Current liabilities	Before	27,189,407	30,414,567	28,037,774	40,450,034	47,222,637
	After	28,914,704	32,139,864	31,038,291	44,200,680	50,280,741
Non-current liabilities		3,176,893	5,151,421	7,503,156	7,096,312	10,412,257
Total liabilities	Before	30,366,300	35,565,988	35,540,930	47,546,346	57,634,894
	After	32,091,597	37,291,285	38,541,447	51,296,992	60,692,998
Equity attributable to the parent company shareholders		20,806,034	21,843,084	25,173,298	27,475,816	33,355,792
Share capital		3,750,646	3,750,646	3,750,646	3,750,646	3,920,646
Capital reserves		1,806,688	1,803,097	1,792,401	1,792,401	4,716,303
Retained earnings	Before	16,620,428	18,244,548	21,568,375	24,454,964	26,623,743
	After	14,895,131	16,519,251	18,567,858	20,704,318	23,565,639
Other equity items		(1,371,728)	(1,955,207)	(1,938,124)	(2,522,195)	(1,904,900)
Non-controlling interests		1,462,901	1,621,078	1,787,560	2,177,269	2,544,093
Total equity	Before	22,268,935	23,464,162	26,960,858	29,653,085	35,899,885
	After	20,543,638	21,738,865	23,960,341	25,902,439	32,841,781

\* Companies that prepare standalone financial statements are also required to present summary balance sheet and summary statement of comprehensive income for the last 5 years on a standalone basis.

Note 1: Highlight unaudited financial data where appropriate.

Note 2: If asset revaluation had taken place during the year, specify the date of revaluation and any change in value.

Note 3: TWSE/TPEX listed companies are required to disclose audited or auditor-reviewed financial information available before the publication date of annual report.

Note 4: Figures after dividend distribution, as shown above, were provided based on dividend distributions resolved by shareholders in the following year.

Balance Sheet – The Parent Company only

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		8,155,893	11,434,251	11,163,249	17,629,101	20,838,452
Property, plant and equipment (Note 2)		2,553,044	3,409,869	3,853,656	3,937,729	4,248,066
Intangible assets		17,858	275,362	261,435	273,943	222,430
Other assets (Note 2)		22,110,042	23,141,556	24,747,448	27,118,633	29,591,813
<b>Total assets</b>		<b>32,836,837</b>	<b>38,261,038</b>	<b>40,025,788</b>	<b>48,959,406</b>	<b>54,900,761</b>
Current liabilities	Before	11,092,767	14,156,334	12,015,552	18,059,490	14,751,862
	After	12,818,064	15,881,631	15,016,069	21,810,136	17,809,966
Non-current liabilities		938,036	2,261,620	2,836,938	3,424,100	6,793,107
Total liabilities	Before	12,030,803	16,417,954	14,852,490	21,483,590	21,544,969
	After	13,756,100	18,143,251	17,853,007	25,234,236	24,603,073
Equity attributable to shareholders of the parent company		20,806,034	21,843,084	25,173,298	27,475,816	33,355,792
Share capital		3,750,646	3,750,646	3,750,646	3,750,646	3,920,646
Capital reserves		1,806,688	1,803,097	1,792,401	1,792,401	4,716,303
Retained earnings	Before	16,620,428	18,244,548	21,568,375	24,454,964	26,623,743
	After	14,895,131	16,519,251	18,567,858	20,704,318	23,565,639
Other equity items		(1,371,728)	(1,955,207)	(1,938,124)	(2,522,195)	(1,904,900)
Non-controlling interests		—	—	—	—	—
Total equity	Before	20,806,034	21,843,084	25,173,298	27,475,816	33,355,792
	After	19,080,737	20,117,787	22,172,781	23,725,170	30,297,688

\* Companies that prepare standalone financial statements are also required to present summary balance sheet and summary statement of comprehensive income for the last 5 years on a standalone basis.

Note 1: Highlight unaudited financial data where appropriate.

Note 2: If asset revaluation had taken place during the year, specify the date of revaluation and any change in value.

Note 3: TWSE/TPEX listed companies are required to disclose audited or auditor-reviewed financial information available before the publication date of annual report.

Note 4: Figures after dividend distribution, as shown above, were provided based on dividend distributions resolved by shareholders in the following year.

### Consolidated Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Operating revenues		60,239,417	63,449,533	70,010,849	81,839,870	92,043,675
Gross profit		12,491,652	13,656,944	16,168,746	19,764,139	20,824,023
Operating profit		3,903,549	4,732,283	6,858,273	8,709,287	7,914,439
Non-operating revenues and expenses		341,546	77,420	(25,407)	19,173	823,580
Pre-tax profit		4,245,905	4,809,703	6,832,866	8,728,460	8,738,019
Net income from continuing operations		2,968,463	3,594,697	5,175,909	6,307,509	6,176,531
Loss from discontinued operations		—	—	—	—	—
Net income (loss)		2,968,463	3,594,697	5,175,909	6,307,509	6,176,531
Other comprehensive income/loss (net, after tax)		(397,801)	(668,125)	122,570	(614,765)	727,013
Total comprehensive income for the current period		2,570,662	2,926,572	5,298,479	5,692,744	6,903,544
Net income attributable to shareholders of the parent company		2,863,907	3,374,633	4,948,959	5,930,074	5,843,875
Net income attributable to non-controlling shareholders		104,556	220,064	226,950	377,435	332,656
Comprehensive income attributable to shareholders of the parent company		2,497,212	2,765,938	5,066,207	5,303,035	6,536,720
Comprehensive income attributable to non-controlling shareholders		73,450	160,634	232,272	389,709	366,824
Earnings per share (NT\$)		7.64	9.00	13.19	15.81	15.51

\* Companies that prepare standalone financial statements are also required to present summary balance sheet and summary statement of comprehensive income for the last 5 years on a standalone basis.

Note 1: Highlight unaudited financial data where appropriate.

Note 2: TWSE/TPEX listed companies are required to disclose audited or auditor-reviewed financial information available before the publication date of annual report.

Note 3: Losses from discontinued operations shall be presented net of income tax.

### The Parent Company only Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Operating revenues		22,402,984	25,865,158	28,014,958	34,865,724	39,537,210
Gross profit		3,124,421	3,152,102	3,632,396	5,293,125	5,732,919
Operating profit		1,206,142	1,067,103	1,625,813	2,442,597	1,677,638
Non-operating revenues and expenses		2,431,676	2,677,867	4,158,093	4,595,296	5,250,015
Pre-tax profit		3,637,818	3,744,970	5,783,906	7,037,893	6,927,653
Net income from continuing operations		2,863,907	3,374,633	4,948,959	5,930,074	5,843,875
Loss from discontinued operations		—	—	—	—	—
Net income (loss)		2,863,907	3,374,633	4,948,959	5,930,074	5,843,875
Other comprehensive income/loss (net, after tax)		(366,695)	(608,695)	117,248	(627,039)	692,845
Total comprehensive income/loss for the current period		2,497,212	2,765,938	5,066,207	5,303,035	6,536,720
Net income attributable to shareholders of the parent company		2,863,907	3,374,633	4,948,959	5,930,074	5,843,875
Comprehensive income attributable to shareholders of the parent company		2,497,212	2,765,938	5,066,207	5,303,035	6,536,720
Earnings per share (NT\$)		7.64	9.00	13.19	15.81	15.51

\* Companies that prepare standalone financial statements are also required to present summary balance sheet and summary statement of comprehensive income for the last 5 years on a standalone basis.

Note 1: Highlight unaudited financial data where appropriate.

Note 2: TWSE/TPEX listed companies are required to disclose audited or auditor-reviewed financial information available before the publication date of annual report.

Note 3: Losses from discontinued operations shall be presented net of income tax.

#### (2) Names of financial statement auditors in the last 5 years and audit opinions

Year	Name of accounting firm	Certifying accountant	Audit opinion
2018	Deloitte Touche Taiwan	Yen, Hsiao-Fang Wu, Lie-Dong	Unqualified opinion with the addition of "Other Issues" paragraph
2019	Deloitte Touche Taiwan	Wu, Lie-Dong Su, Ting-Chien	Unqualified opinion with the addition of "Other Issues" paragraph
2020	Deloitte Touche Taiwan	Su, Ting-Chien Wu, Lie-Dong	Unqualified opinion with the addition of "Other Issues" paragraph
2021	Deloitte Touche Taiwan	Wu, Lie-Dong Su, Ting-Chien	Unqualified opinion with the addition of "Other Issues" paragraph
2022	Deloitte Touche Taiwan	Wu, Lie-Dong Su, Ting-Chien	Unqualified opinion with the addition of "Other Issues" paragraph

## 2. Financial analysis for the last 5 years

(1) Based on IFRS

### Consolidated financial analysis

Analysis (Note 3)	Year (Note 1)	Financial analysis for the last 5 years				
		2018	2019	2020	2021	2022
Financial position (%)	Debt to assets ratio	57.69	60.25	56.86	61.59	61.62
	Long-term capital to property, plants and equipment	261.15	254.96	273.10	283.81	334.32
Solvency (%)	Current ratio	143.93	140.18	161.92	143.54	155.05
	Quick ratio	83.31	82.88	93.96	64.77	64.01
	Interest coverage ratio	16.03	16.55	29.63	41.20	21.43
	Accounts receivable turnover (times)	4.55	4.37	5.12	6.01	5.77
Operating efficiency	Average cash collection days	80.21	83.52	71.28	60.73	63.25
	Inventory turnover (times)	3.04	2.93	2.98	2.46	1.92
	Accounts payable turnover (times)	7.29	7.57	7.44	7.23	7.61
	Average inventory turnover days	120.06	124.57	122.48	148.37	190.10
	Property, plant and equipment turnover (times)	6.90	6.42	6.21	6.78	7.28
	Total assets turnover (times)	1.20	1.14	1.15	1.17	1.08
Profitability	Return on assets (%)	6.10	6.46	8.44	8.71	7.20
	Return on equity (%)	14.17	15.83	21.05	22.53	19.21
	Pre-tax profit to paid-in capital (%) (Note 7)	113.18	128.24	182.18	232.72	222.87
	Net profit margin (%)	4.75	5.32	7.07	7.25	6.35
	Earnings per share (NTD)	7.64	9.00	13.19	15.81	15.51
Cash flow	Cash flow ratio (%)	9.91	6.37	40.65	-12.26	1.08
	Cash flow adequacy ratio (%)	69.12	52.72	88.38	36.47	22.27
	Cash reinvestment ratio (%)	4.16	0.57	21.98	-16.79	-5.54
Degree of leverage	Operating leverage	3.54	2.91	2.33	2.48	2.90
	Financial leverage	1.08	1.07	1.04	1.03	1.06

Explanation to major variations in the last two years:

- The increase on loan, and higher interest cost that was affected by the interest rate hike of the main market in Europe and USA to bring down inflation, had both led to lower interest coverage ratio; and the market demands dropped in post-pandemic era was the main reason for the stockpile and lower inventory turnover.
- The change of cashflow ratio: Due to the decline in material purchasing, and issuance of both new share increase and convertible bond.

\* Companies that prepare standalone financial statements are also required to provide financial analysis on a standalone basis.

Note 1: Highlight unaudited financial data where appropriate.

Note 2: TWSE/TPEX listed companies are required to analyze audited or auditor-reviewed financial information available before the publication date of annual report.

Note 3: Formulas of various analysis are defined below:

### The Parent Company only financial analysis

Analysis (Note 2)	Year (Note 1)	Financial analysis for the last 5 years				
		2018	2019	2020	2021	2022
Financial position (%)	Debt to assets ratio	36.64	42.91	37.11	43.88	39.24
	Long-term capital to property, plants and equipment ratio	851.69	706.91	726.85	784.71	945.11
Solvency (%)	Current ratio	73.52	80.77	92.91	97.62	141.26
	Quick ratio	48.70	52.51	53.28	51.53	76.55
	Interest coverage ratio	79.59	88.16	110.60	135.28	61.39
	Accounts receivable turnover (times)	4.85	4.67	4.85	4.96	4.02
Operating efficiency	Average cash collection days	75.26	78.16	75.26	73.58	90.79
	Inventory turnover (times)	7.75	6.80	5.63	4.56	3.81
	Accounts payable turnover (times)	6.54	6.81	6.05	6.45	7.62
	Average inventory turnover days	47.10	53.68	64.83	80.04	95.80
	Property, plant and equipment turnover (times)	9.67	8.68	7.71	8.95	9.66
	Total assets turnover (times)	0.71	0.73	0.72	0.78	0.76
Profitability	Return on assets (%)	9.25	9.60	12.76	13.43	11.44
	Return on equity (%)	14.17	15.83	21.05	22.53	19.21
	Pre-tax profit to paid-in capital (%) (Note 7)	96.99	99.85	154.21	187.64	176.70
	Net profit margin (%)	12.78	13.05	17.67	17.01	14.78
	Earnings per share (NTD)	7.64	9.00	13.19	15.81	15.51
Cash flow	Cash flow ratio (%)	9.23	6.82	24.19	-16.77	8.88
	Cash flow adequacy ratio (%)	37.0	20.13	31.59	5.78	5.02
	Cash reinvestment ratio (%)	—	—	3.96	-18.16	-5.68
Degree of leverage	Operating leverage	2.94	4.42	3.29	2.71	4.04
	Financial leverage	1.04	1.04	1.03	1.02	1.07

Explanation to major variations in the last two years:

- The raised of of currenct ratio was due to the shrunk of short-term loan; the rate hike had caused the interest coverage ratio went down by higher interest cost; the market demands dropped in post-pandemic era was the main reason for stockpile and lower inventory turnover.
- The change of cashflow ratio: Due to the decline in material purchasing, and issuance of both new share increase and convertible bond.

Note 1: Highlight unaudited financial data where appropriate.

Note 2: Formulas of various analysis are defined below:

Below are the formulas used in various financial analysis:

1. Financial position
  - (1) Debt to asset ratio = total liabilities / total assets.
  - (2) Long-term capital to property, plants and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
  - (1) Current ratio = current assets / current liabilities.
  - (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
  - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating efficiency
  - (1) Receivables turnover = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
  - (2) Average cash collection days = 365 / receivables turnover.
  - (3) Inventory turnover = cost of sales / average inventory balance.
  - (4) Payables turnover = cost of sales / average payables balance (including accounts payable and notes payable from business activities).
  - (5) Average inventory turnover days = 365 / inventory turnover.
  - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
  - (7) Total assets turnover = net sales / average total assets.
4. Profitability
  - (1) Return on assets = [net income + interest expenses × (1 - tax rate)] / average total assets balance.
  - (2) Return on equity = net income / average shareholders' equity.
  - (3) Net profit margin = net income / net sales.
  - (4) Earnings per share = (net income attributable to shareholders of the parent company - preferred share dividends) / weighted average outstanding shares. (Note 4)
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
  - (2) Cash flow adequacy ratio = Five-year sum of cash from operating activities / (Five-year sum of capital expenditures, inventory additions, and cash dividends)
  - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
  - (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit (Note 6).
  - (2) Degree of financial leverage = operating profit / (operating profit - interest expenses).

Note 4: Calculation of earnings per share has taken the following factors into account:

1. Weighted average outstanding common shares are used, instead of year-end outstanding shares.
2. Effects of cash issues or treasury stocks, weighed by the number of outstanding shares and calculated for the length of time they were in circulation.
3. Where any additional shares were issued against capitalized earnings or reserves, the full year or half-year earnings per share are adjusted retrospectively, regardless of when the additional shares were issued.
4. Where preferred shares were cumulative and non-convertible in nature, all current year dividends (whether distributed or not) are deducted from net income, or added to net loss. If preferred shares were non-cumulative, then preferred share dividends are deducted from net income, but no adjustment is required for net loss.

Note 5: Cash flow analysis have taken the following factors into account:

1. Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
2. Capital expenditures refers to the amount of annual cash outflow for capital investments.
3. Increase in inventory is used only if closing balance exceeds opening balance. The value is substituted with zero if closing inventory balance is lesser than the opening balance.
4. Cash dividends include cash dividends to both ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 6: The Company, as a securities issuer, is required to classify operating costs and expenses between fixed and variable nature; any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

Note 7: For companies that issue shares without face value or at any face value other than NT\$10 per share, all above percentages that involve paid-in capital in the denominator shall be substituted with equity attributable to shareholders of the parent company instead.

### 3. Audit Committee' s Review Report for 2022

#### Audit Committee' s Review Report

The Board of Directors has prepared the business report, the parent-company-only and consolidated financial statements and proposal of earning distribution for the year ended December 31, 2022. Deloitte & Touche was retained by the Board to audit and has issued an audit report relating to the parent-company-only and consolidated financial statements.

The above-mentioned business report, the parent-company-only and consolidated financial statements and proposal of earning distribution have been reviewed and determined to be in compliance with the Company Act and other relevant laws and regulations by the audit committee of Giant Manufacturing Co., Ltd. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Giant Manufacturing Co., Ltd.

Chairman of the Audit Committee

LO, JUI-LIN

#### 4. The latest audited consolidated financial report:

Please refer to pages 141-211 of this annual report.

#### 5. The latest audited the parent-company-only financial report:

Please refer to pages 212-279 of this annual report.

#### 6. Any financial distress experienced by the Company and its affiliated enterprises and impacts to the Company's financial status in the last year up till the publication date of this annual report: None.

# Seven. Review and Analysis of Financial Position and Business Performance, and Risk Management

## 1. Comparative analysis of financial position

Unit: NT\$ thousands

Item	2021	2022	Variation	
			Amount	%
Current assets	58,062,286	73,216,914	15,154,628	26%
Fixed assets	12,181,556	13,091,836	910,280	7%
Intangible and other assets	6,955,589	7,226,029	270,440	4%
Total assets	77,199,431	93,534,779	16,335,348	21%
Current liabilities	40,450,034	47,222,637	6,772,603	17%
Total liabilities	47,546,346	57,634,894	10,088,548	21%
Share capital	3,750,646	3,920,646	170,000	5%
Capital reserves	1,792,401	4,716,303	2,923,902	163%
Retained earnings	21,932,769	24,718,843	2,786,074	13%
Non-controlling interests	2,177,269	2,544,093	366,824	17%
Total shareholders' equity	29,653,085	35,899,885	6,246,800	21%

### Explanation to major variations:

- (1) Increase in current assets: The increase was mainly due to the increase in accounts receivable, component pile up in response of material shortage, also the slowdown in market demand in the second half of 2022 had contributed to excess the bikes stock.
- (2) Increase in total assets: The increase was mainly due to the gain on inventory and account receivable.
- (3) Increase in total liabilities: The increase was mainly due to increase in bank loans to support the working capital in responding to the growing inventory level.
- (4) Increase in capital reserves: The increase was mainly due to the premium on an issuance of new shares.

### Future Plan on Financial Position:

Not applicable. The above deviations had no major impact on Giant's financial position.

## 2. Comparative analysis of financial performance

Unit: NT\$ thousands

Item	Year		Variation	Variation (%)
	2021	2022		
Net operating revenues	81,839,870	92,043,675	10,203,805	12%
Operating costs	62,075,731	71,219,652	9,143,921	15%
Gross profit	19,764,139	20,824,023	1,059,884	5%
Operating expenses	11,054,852	12,909,584	1,854,732	17%
Operating profit	8,709,287	7,914,439	(794,848)	-9%
Non-operating income and expenses	19,173	823,580	804,407	4,196%
Pre-tax profit	8,728,460	8,738,019	9,559	0%
Income tax	2,420,951	2,561,488	140,537	6%
Net income	6,307,509	6,176,531	(130,978)	-2%
Net income attributable to owners of the Company	5,930,074	5,843,875	(86,199)	-1%
Net income attributable to non-controlling interests	377,435	332,656	(44,779)	-12%

### 1. Explanation to major variations:

The change in non-operating income and expenses was mainly due to the favorable exchange trend.

### 2. Expected sales, the basis of estimation, likely impacts on the Company's future financial position, and responsive plans:

The stock management was the crucial topic in 2022, as the market has come to a standstill after up to 2-year rapidly growth. The ongoing reviewed and diminished of estimated order to approach the needs, came amid on excess stock. However, through took inventory, adjusted spec, accelerated cross-plant production transfer, and cutted in material purchasing to in line with the goal, there was a pause in factory stockpile, and would have the opportunity for a substantial decline after the chaos over of high-end component's lead time and shortage. While the retail channels still need to hold until the first half of next year for weather to get warm to destock at its peak season. The supply had determinated its rule by 6-rolling-month order, with 3-month firm plus 3-month initial, to resume normal and steady operation; the sales will build rigorous sales forecast with continus assessment and adequately adjustment, and budgeting conservatively as well.



### 3. Cash flow review and analysis

#### (1) Liquidity analysis for the last 2 years

Item	2021	2022	Variation (%)
Cash flow ratio (%)	(12.26)	1.08	109
Cash flow adequacy ratio (%)	36.47	22.27	39
Cash reinvestment ratio (%)	(16.79)	(5.54)	67

Explanation to major variations:

The increase of cash flow-related ratios was mainly due to the growth in inventory had slowed down, which resulted in net cash inflow from operating activities.

#### (2) Liquidity analysis for the next year

Unit: NT\$ thousands

Opening cash balance	Net cash flow from operating activities for the year	Cash outflow for the year	Cash surplus (deficit)	Financing of projected cash deficits	
				Investment plans	Financing plans
11,954,584	3,925,965	12,206,097	3,674,452	-	

##### 1. Analysis of cash flow variation for the next year:

(1) Operating activities: The Company expects to produce net cash inflow from the operating profit in 2023.

(2) Investing activities: The Company expects to incur cash outflow from capital expenditures in 2023.

(3) Financing activities: The Company expects to incur cash outflow from financing activities due to payment of both cash dividends and loan repayment in 2023.

##### 2. Responsive measures and liquidity analysis for cash flow deficits:

None.

### 4. Material capital expenditures in the last year and impact on business performance

#### (1) Review and analysis of major capital spendings and sources of capital

Unit: NT\$ thousands

Projects	Actual or expected source of capital	Actual or expected date of completion	Total capital required	Actual or expected uses of capital	
				2023 - budgeted	2022 - actual
Replacement and renewal of property, automated production equipment, and work safety/environmental protection equipment	Working capital	2023.12	4,524,532	2,516,430	2,008,102
Replacement/renewal of office and IT equipment	Working capital	2023.12	794,571	397,310	397,261
Investment in Giant distribution channel	Working capital	2023.12	358,548	234,250	124,298

#### (2) Expected benefits

1. Replacement and renewal of office buildings, factories, automated production equipment and occupational safety/environmental protection equipment: In response to market demand and insufficient capacities, expansion of Vietnam factory, production lines and automated equipment to improve production efficiency and product quality. We also invest on equipments to improve the working environment for employee safety and carry out eco-friendly measures.
2. Introduction of office systems, the continues implement of ERP information systems, and replacement of IT equipment: The Company upgrades the information systems and equipment to enhance management quality and efficiency.
3. Investments in distribution channel: Investments would be made to enhance the professionalism of Giant's retail and distribution partners, and bring the best cycling lifestyle and experience to all Giant cyclists.

### 5. Causes of profit or loss incurred on investments in the last year, and any improvements or investments planned for the next year

The main consideration of the investment businesses of Giant are out of long-term operating strategy, the latest information is detailed in table 7 "Information on investees" of the consolidated financial statements of 2022.

The profit incurred on investments were mainly due to the rapidly two-year-growth market demand. While the loss incurred on investments were caused by:

Units: In Thousands of New Taiwan Dollars and Foreign Currencies

Item	Description	(loss) incurred on investments	Main causes of profit or loss	Improvement plans	Other upcoming investment plans
YouBike Co., Ltd.		(12,584)	The epidemic was still not back to normal resulted in the decline of ride rate and had negative impact on revenues.	We expected the ride rate will go back to normal, and profit will be improved.	None.
AIPS Technology Co., Ltd.		(118,866)	The indoor sporting equipments orders decline.	Expect for sales grow through active expanding into new customers.	None.
Giant Light Metal Technology (Haian) Co., Ltd.		(54,417)	At the establishing period, the production was unable to achieve the economic scale.	Continuous input of equipments and human resources to increase the capacity.	None.
Giant Light Metal Technology (Malaysia) Co., Ltd.		RMB(395)	To postpone the expansion of business considering to the outbreak of COVID-19 at the establishing period.	Expect for sales grow through active expanding into new market.	None.
Jiangsu Giant Adventure Co., Ltd.		(7,395)	The outbreak of COVID-19 resulted in the decrease of group tour, had negative impact on revenues.	We expect the sales growth when the epidemic relief and the travel intension go back to normal.	None.
Giant Vietnam Manufacturing Company Limited.		(25,950)	At the establishing period, not yet in production.	Build-in production process gradually.	None.

## 6. Evaluation of risk management issues in the last year up till the publication date of this annual report

### (1) Impact of Interest Rate, Exchange Rate, and Inflation on the Company's Earnings and Action Plans:

- In 2022, decreasing crude oil production due to Russia-Ukraine War and changes in global trends of events compounded by raw materials shortages drove up the inflation rate. As a result, the Federal Reserve of the U.S. started to lift interest rates as countries around the world adopted tight monetary policy, leading to an upward trend of borrowing rates. Despite having operation across Europe, the U.S. and Asia, our interest rate costs had risen as a consequence. However, our steady profits have sustained our capital needs. When borrowing need arises, our cost of capital is relatively more competitive than the market rates. We can also coordinate and utilize the difference in interest rates between markets.
- Movements of the NTD exchange rate in 2022 produced an overall gain on exchange for the Company. In general, the Company suffers when USD weakens against NTD, and gains when USD strengthens against NTD; strengthening of EUR benefits the Company; and strengthening of JPY favors the Company and its Chinese subsidiaries for selling finished goods into Japan, but works against our favor when purchasing parts from Japan. In an attempt to reduce exchange rate impacts on overall profitability, the Company has reached an agreement with its customers to reflect exchange rate variations immediately in the quoted price if they exceed a certain range. Meanwhile, the Company hedges its exposures by holding appropriate amounts of foreign currency.
- Extracted from the Latest World Economic Outlook issued by IMF (International Monetary Fund), due to the supply disruptions and energy price hiked, the globe is facing its inflationary spike that has threatened to undermine the global economic growth. Though there might be impact on the willingness to consume, It is believed that the it will has no significant impact on the Company's production and sales activities, for the bike itself is daily necessity in european and american regions, and also the first choice when it comes to high-energy-price.

### (2) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of any profits or losses incurred and future responsive measures:

- The Company never engages in high-risk or highly leveraged investments, and does not transact derivatives for arbitrage purpose. The board of directors has specifically prohibited these types of transaction.
- The Company extends loan, endorsement and guarantee only to subsidiaries in which it exercises control. These transactions are conducted strictly in accordance with the rules approved at annual general meetings.

### (3) Future research and development plans and projected expenses:

Unit: NT\$ thousands

Project No.	R&D project	Projected expenses
1	Bikes and E-bikes R&D	
2	Development of rider gear and bike gear	1,473,076
3	Development of key, proprietary technologies (material, shaping, coating, suspension, key components: carbon fiber wheels, saddles etc)	

### (4) Impacts of changes in major domestic and overseas policies and regulations on Company's finance and business and countermeasures:

- Due to rising trade protectionism, the impact of issues concerning changes in product tariffs were evaluated and handled by the legal affair unit along with the finance and business units.
- Amendments in countries' tax laws and regulations and OECD's anti-avoidance rules against international tax planning would affect the Company's global tax planning. The impact was evaluated and handled by the finance unit.

### (5) Impacts of Changes in Technology (including Information Security Risk) and Industry on Company's Finance and Business and Action Plans:

Changes in technology facilitate new product developments and reduce production costs. It even prompts people to use innovative quality products. Our research and development unit applies numerous sophisticated technologies in the study of cycling science. We continue to evolve in lightweight products, D-fuse technology, internal cable routing technique, carbon composite layer technology, aero carbon spokes and hookless carbon rim design. Human Interface of e-bike will be equipped with a higher level of smart intelligence integration. Consumers can directly access not only our self-developed RideControl control unit, RideDash display and RideControl App, but also the third-party gear shifting system (Shimano, Enviolo, SRAM, etc.) connected to the bike, achieving comprehensive integration of cyclist, bike and systems. This is also a competitive edge of GIANT for owning the autonomous systems. Besides, all batteries of e-bike will be manufactured with CO2 neutral process as we lay the foundation for environmental sustainability.

In terms of manufacturing techniques, the Company heads towards smart manufacturing. We adopt basic components with IoT functions, automation, data management platform, and simulation analysis to accelerate the transformation, optimization, innovation and revolution of factories and shift towards smart factories. As for marketing, we intensify efforts on digital marketing, combine sports science with IoT, and use innovative technology to understand and satisfy consumer demand. We would continue to build and strengthen Giant Retailing Academy (GRA), establish regional sales center as well as incorporate E-comm, Giant ID and digital marketing to provide consumers comprehensive services and experience, thereby achieving the long-term goal of communicating with consumers and establishing the cycling ecosystem.

#### Assessment and analysis of information security risk and action plans:

The Company has established standard operating procedures for information operation. Daily business shall be conducted pursuant to the standards. External and internal audits including risk assessments on information environment and necessary control tests are performed regularly on factors including the operations of existing information system, information environment security and risk management to assess the effectiveness of internal controls on information operation. We have passed safety audits by professional consultants for many years and there has been no major irregularities identified. Our controls remain effective. In light of the Group's adoption of SAP ERP system, the entire software and hardware structures are set up under the planning and guidance of external professional consulting team. We aim to establish a more comprehensive safety mechanism to ensure a higher level of security for our operation system. Promotion is carried out company-wide to raise employees' awareness on information security risk. In the case of emergencies, the Company will promptly establish a crisis task force to handle the situation.

## (6) Impacts of Changes in Corporate Image on Corporate Risk Management and Action Plans:

The Company has long maintained a sound corporate and brand image. It ranked sixth in Taiwan's top ten brands, and continued to be the number one bicycle brand with a brand value of US\$746 million in the 2022 global brand value survey, a 11% increase compares to the previous year. During the second half of 2022, there was a return to normal trend after 2 years pandemic-prompted boom in cycling, a stockpile of entry-level bikes that was caused by the main market at its low season in winter, yet the supply chain chaos still unlikely to ease, all has led the market to face its strong headwinds. The company, as a leader in the industry, is determined to take it an indispensable responsibility, and added itself team up to work closely with its partners to deal with inventory adjustments and diversify market risks; try to improve the situation and allow the supply chain to return to normal in a few months, including to ask its suppliers to allow payment postponement during the extraordinary period. Long-term prospects remains good for the global bicycle market as consumers worldwide had raised awareness of the importance of environment protection and staying healthy,

## (7) Expected Benefits and Risks Relating to Merger and Acquisition and Action Plans:

None.

## (8) Expected Benefits and Risks Relating to Plant Expansion and Action Plans:

Under the wave of energy conservation and carbon reduction, the cycling industry is now at the growth stage of a new cycle. Due to rising international trade protectionism, we decide to set up a factory in Vietnam seeing the business opportunities in preferential tariffs and comprehensive bike production clusters of the country. The construction has been completed which further strengthens our global production layout and resilience, allowing more flexibility in production allocation when confronted by changes in the market or business environment and maximizing the Group's interests.

## (9) Risks of Concentrated Sources of Sales or Purchases and Associated Action Plans:

1. The Company sources supply from Taiwan, China, Japan, USA and Europe. It maintains at least two suppliers for every product purchased, and hence is not prone to risk of concentrated purchase.
2. The Company operates its proprietary brand and provides OEM/ODM service at the same time. Proprietary brand accounts for approximately 70% of products made, which are sold through its marketing subsidiary. OEM/ODM customers consist of reputable brands around the world, and there is no sign of concentration to any particular customer. Furthermore, the Company's products are exported all over the world, with Europe, USA, Canada, Australia, Japan and China being the largest export destinations. Hence sales are not concentrated to any particular region.

## (10) Impacts, risks and responsive measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest:

1. Most of the Company's directors are founding shareholders. Their long-term ownership and participation in company operations have contributed to the stability of the Company.
2. The Company has maintained a consistency dividend policy. Its foreign shareholders consist mostly of long-term foreign institutional investors.

## (11) Impacts, risks and responsive measures associated with a change of management:

The Company has a stable management team; most of whom are experienced directors or managers of strong professional background.

## (12) Litigation and non-contentious cases:

1. Ongoing litigations, non-contentious cases or administrative litigations that are deemed material: None
2. Major litigations, non-contentious cases, or administrative litigations involving the Company's directors, supervisors, President, person-in-charge, or any shareholder with more than 10% ownership interest, whether concluded or pending judgment, which may present significant impacts on shareholders' interests or securities prices: None

## (13) Other significant risks and countermeasures:

Other significant risk included the rising costs of raw materials which had a negative impact on gross margin. Besides internal measures to reduce waste and costs, we also adjusted selling prices moderately to reflect the rising costs.

## 7. Other Significant Matters: None.



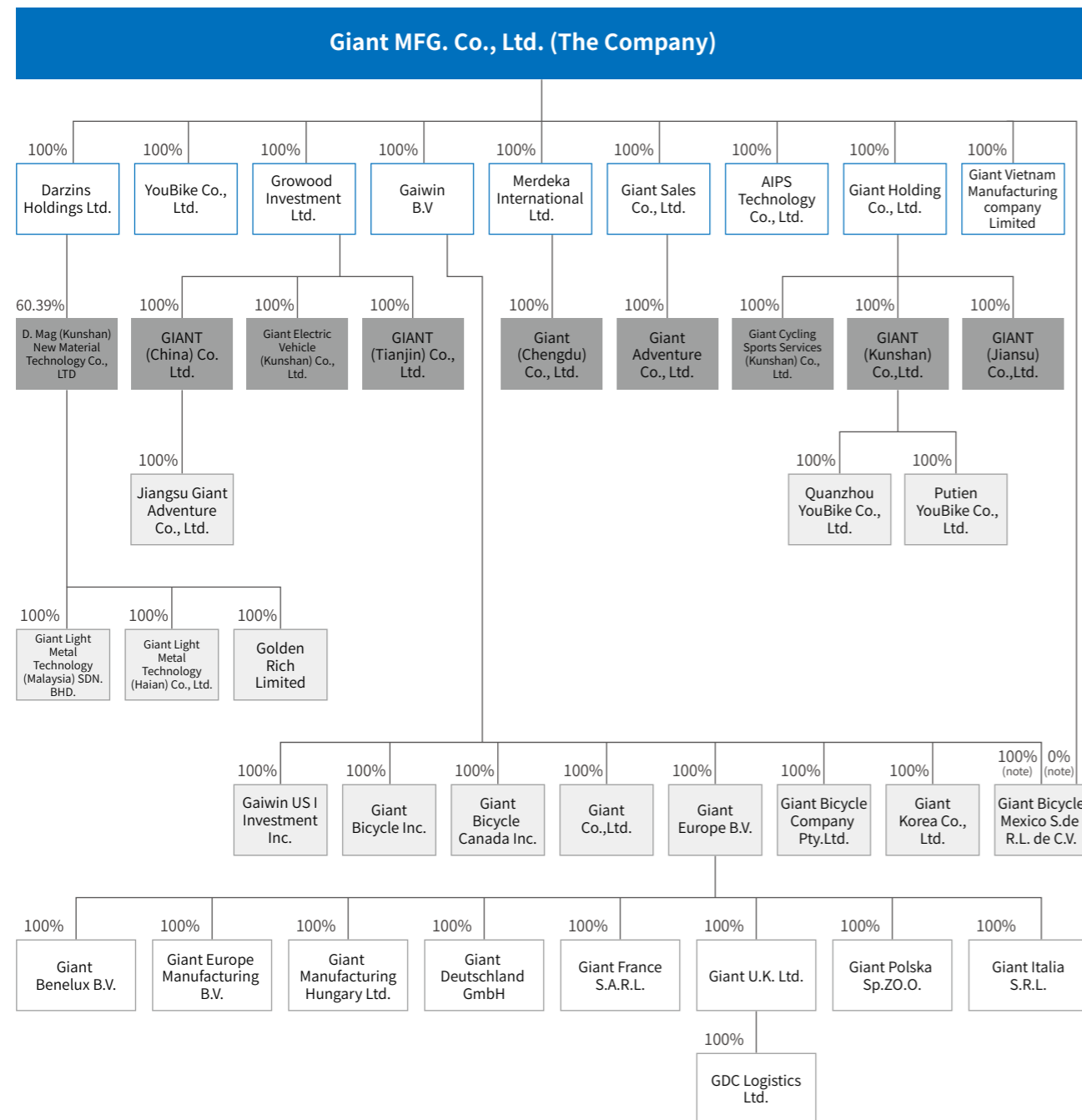
# Eight. Special Remarks

## 1. Affiliated enterprise reports

### (1) Consolidated business report

#### 1. Affiliated enterprises chart

As at December 31, 2022



Note: Rounding to whole number

## 2. Profile of affiliated companies

Unit: NTD thousands and foreign currency thousands  
As at December 31, 2022

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Giant Sales Co., Ltd.	1981.02.11	No. 117, Section 2, Henan Road, Xitun District, Taichung City	TWD 140,000	Sale of bikes and related products, and bicycle leasing service
AIPS Technology Co., Ltd.	2020.09.29	No. 901, Section 2, Zhongshan Road, Dajia District, Taichung City	TWD 500,000	Manufacturing and sales of sporting goods
Giant Adventure Co., Ltd.	2009.04.23	2F, No. 117, Section 2, Henan Road, Xitun District, Taichung City	TWD 10,000	Local and overseas travel service
YouBike Co., Ltd.	2015.10.23	6F, No. 117, Section 2, Henan Road, Xitun District, Taichung City	TWD 848,000	Bicycle leasing
GIANT (China) Co. Ltd.	1992.10.08	No. 1, Shunfan Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD 37,500	Manufacturing and sale of bikes and related products
D. Mag (Kunshan) New Material Technology Co., Ltd.	2013.06.17	No. 118, Pengxi South Road, Kunshan Economic Development Zone, Jiangsu Province	RMB 360,000	Manufacture and sale of products applied new type of alloys
Giant Light Metal Technology (Haian) Co., Ltd.	2019.07.31	No.188, Alishan Road, Haian Economic & Technological Development Zone, Jiangsu Province	RMB 110,000	Production and sale of new alloys, including semi-solid and superplastic aluminium
Giant (Chengdu) Co., Ltd.	2003.12.25	No. 327, Yidu Boulevard Central, Longquanyi District, Economic & Technological Development Zone, Chengdu City, Sichuan Province	USD 6,000	Sale of bikes and related products
Giant Electric Vehicle (Kunshan) Co., Ltd.	2005.10.08	No. 1, Yuehe South Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD 5,000	Manufacturing and sale of electric bikes and related products
GIANT (Tianjin) Co., Ltd.	2007.09.03	No. 12, Shunfan Road, Jinghai Economic Development Zone, Tianjin City	USD 12,000	Manufacturing and sale of bikes and related products
Giant Investment Co., Ltd.	2010.04.13	No. 889, Honghu Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD 88,500	Investment
GIANT (Kunshan) Co., Ltd.	2010.08.27	No. 889, Honghu Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD 35,000	Manufacturing and sale of bikes and related products
Giant Cycling Sports Services (Kunshan) Co., Ltd.	2011.01.07	No. 1, Alley 168, Bajie Road, Bacheng Town, Kunshan City, Jiangsu Province	USD 1,000	Bicycle leasing; promotion of outdoor activities; sale of bikes and related products
Jiangsu Giant Adventure Co., Ltd.	2013.08.08	No. 1075, Bolu South Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	RMB 5,000	Travel service in China
Quanzhou YouBike Co., Ltd.	2016.03.07	Unit 303, Tiandimiao Street, Show, Ling, Quanxiu Road, Fengze District, Quanzhou City, Fujian Province	RMB 50,000	Bicycle leasing
GIANT (Jiangsu) Co., Ltd.	2018.01.11	No. 889, Honghu Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD 52,500	Manufacturing and sale of bikes and related products
Putian YouBike Management Co., Ltd	2018.03.08	Management Room of Litchi Forest Belt, No. 9 high School, Yizheng Road, Gongcheng Street, Wucheng District, Putian City, Fujian Province	RMB 50,000	Bicycle leasing
Giant Light Metal Technology (Malaysia) Co., Ltd.	2019.12.24	8-1 Jalan, Prima Setapak 3, Off Jalan Genting Kelang, Setapak 53300, Kuala Lumpur, W.P. Kuala Lumpur, Malaysia	USD 100	Sales of mid-to-high-end aluminum wheel hub products
Growood Investment Ltd.	1978.05.20	10 Anson Road #38-06 International Plaza Singapore 079903	SGD 26,619	Investment
Darzins Holdings Ltd.	1995.07.05	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	USD 14,889	Investment
Merdeka International Ltd.	1999.06.02	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD 6,000	Investment
Gaiwin B.V.	1987.10.01	Pascallaan 66, 8218 Nj Lelystad. The Netherlands	EUR 628	Investment
Giant Europe B.V.	1986.10.29	Pascallaan 66, 8218 Nj Lelystad. The Netherlands	EUR 600	Investment; sale of bikes and related products

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Giant Deutschland GmbH	1987.12.02	Mettmaner Strasse 25, 40699 Erkrath, Germany	EUR 256	Sale of bikes and related products
Giant France S. A. R. L.	1988.01.25	Pichaury II - les Milles, 780 rue Guillaibert Gauthier de la Lauziere, 13100 AIX-EN-PROVENCE	EUR 4,200	Sale of bikes and related products
Giant Europe Manufacturing B.V.	1996.08.29	Pascallaan 66, 8218 Nj Lelystad. The Netherlands	EUR 227	Manufacturing and sale of bikes
Giant Benelux B.V.	2005.01.01	Pascallaan 66, 8218 Nj Lelystad. The Netherlands	EUR 230	Sale of bikes and related products
Giant Italy S.R.L.	2015.07.02	Nerviano (MI), Via Vicinale di Parabiago 22, CAP 20014	EUR 200	Sale of bikes and related products
Giant Polska Sp. ZO.O.	2001.10.23	Ul. Osmańska 12, 02-823 Warszawa, Poland.	PLN 150	Sale of bikes and related products
Giant U.K. Ltd.	1987.09.21	Charnwood Edge, Syston Road, Cossington, LE7 4UZ, UK	GBP 200	Sale of bikes and related products
Giant Bicycle Inc.	1987.09.11	3587 Old Conejo Road, Newbury Park, CA 91320, U.S.A.	USD 1,000	Sale of bikes and related products
Giant Co., Ltd.	1989.02.03	2-44-3 Kosugigoten-cyo Nakaharaku Kawasaki-Shi Kanagawa Japan 211-0068	JPY 200,000	Sale of bikes and related products
Giant Bicycle Company Pty. Ltd.	1988.01.04	Unit 7, 3-5 Gilda Court Mulgrave Vic 3170 Australia	AUD 500	Sale of bikes and related products
Giant Bicycle Canada, Inc.	1991.02.11	Suite 100, 2255 Dollarton Highway, North Vancouver, BC V7H 3B1	CAD 1,052	Sale of bikes and related products
Giant Korea Co., Ltd.	2009.03.26	3F, Metamorpho bldg., 89 Seongsuil-ro, Seongdong-gu, Seoul, Republic of Korea	KRW 734,000	Sale of bikes and related products
Giant Bicycle Mexico S. de R.L. de C.V.	2011.06.20	Blvd. Adolfo Ruiz Cortinez, 5183, 1st floor, Col. Isidro Fabela, Tlalpan, Mexico City, ZIP 14030.	MXN 70,060	Sale of bikes and related products
Golden Rich Limited	2017.03.31	2nd Floor, FOYER,625 King' s Road, North Point, Hong Kong	USD 100	International trade
Giant Manufacturing Hungary Ltd.	2018.05.17	3200 Gyöngyös, Jedlik Ányos utca 1., Hungary	EUR 20	Manufacturing and sale of bikes and related products
Giant Vietnam Manufacturing Company Limited	2022.04.21	No. 19 VSIP II-A, Road No. 32, Vietnam-Singapore II-A Industrial Park, Tan Binh Commune, Bac Tan Uyen District, Binh Duong Province, Vietnam.	USD 20,000	Manufacturing and sale of bikes and related products
GDC Logistics Ltd.	2021. 12.03	Unit 1, Charnwood Edge, Syston Road, Leicester, United Kingdom, LE7 4UZ	GBP 0	Warehousing and shipping of parts to market(Note 1)
Gaiwin US I Investment Inc.	2022.12.14	850 New Burton Road,Suite 201,Dover,Kent,De,19904.	USD 0	Investment

Note 1: GDC Logistics Ltd is in the process of liquidation.

3. Common shareholders in controlling or controlled companies: None

4. Businesses covered by affiliated companies:

- (1) Manufacturing and sale of bikes, stationary bikes, electric bikes and related products.
- (2) Manufacturing and sale of aluminum parts and rims.
- (3) Investment in bicycle production and sales companies.
- (4) Consultation service and investment.
- (5) Research, development, application and promotion of carbon fiber composite materials.
- (6) Manufacturing and sale of metal containers.
- (7) Local and overseas travel service.
- (8) Bicycle leasing and promotion of outdoor activities.

4-1. The giant group is one of the few in the industry that has a complete bicycle supply chain from research and development, manufacturing, marketing to sales. Therefore, the transaction within the group is mainly for the manufacturing bicycles and parts from factories to the sales companies

around the world. The multiple production bases in the group can fully utilize the manufacturing resources of various places and play the biggest competitive advantage of each factory, and make good use of the supply chain of each factory to form a strong competitiveness.

In addition, to promote the cycling sport and encourage green travel, the Group's factories also sell bicycles to Youbike, which is bikesharing scheme, and to self-owned travel agencies.

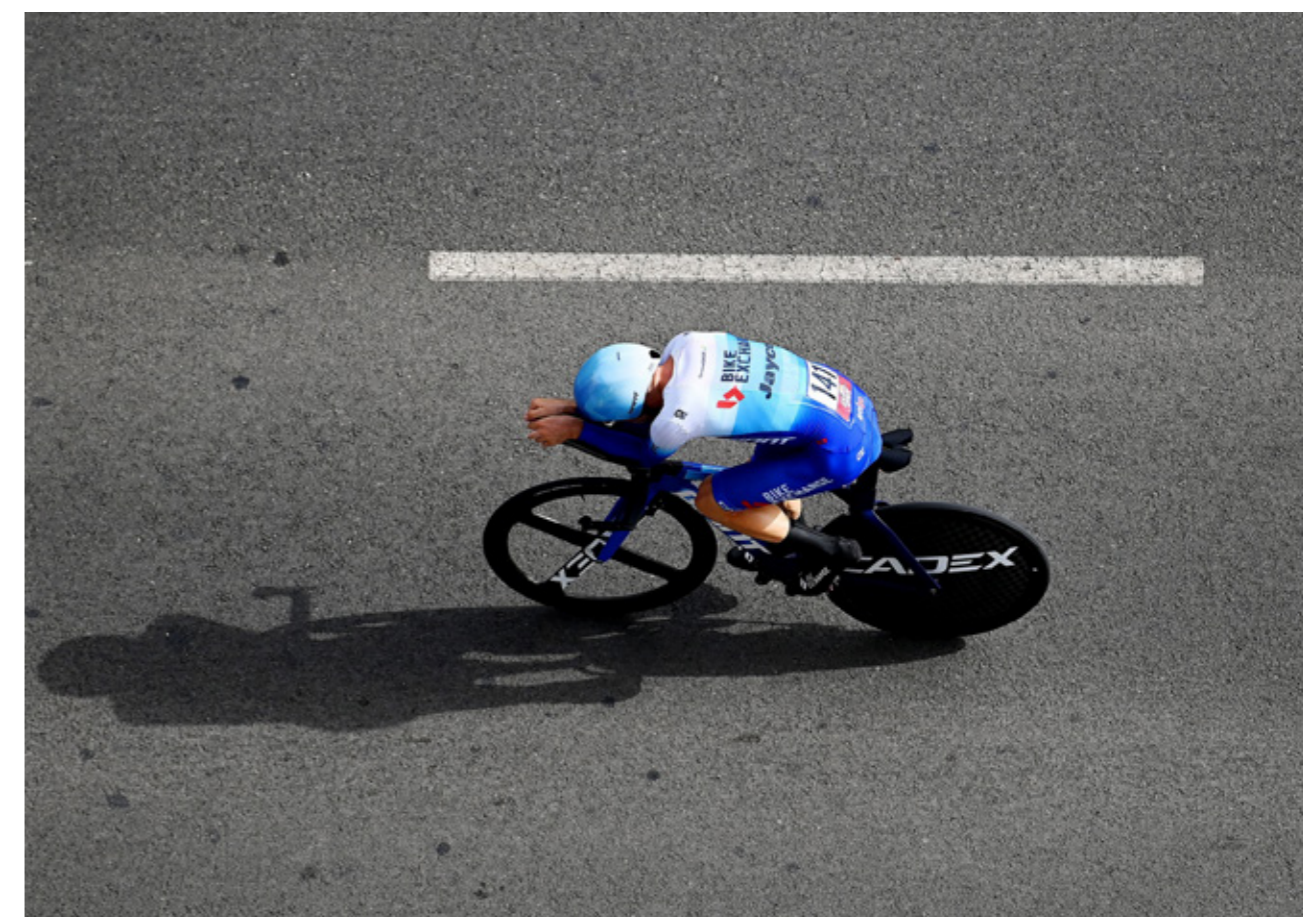
5. Directors, supervisors, and President of affiliated companies

Unit: foreign currency thousands; shares  
As of March 30, 2023

Company name	Title	Name or name of representative	No. of shares held	Capital contribution	Percentage of shareholding / capital contribution (%)
Giant Sales Co., Ltd.	Chairman	CHIU,TA-PENG	14,000,000		-
	President	CHENG ,CHIU-CHU			
AIPS Technology Co., Ltd.	Chairman	LIU, YUON-CHAN (Young Liu)	50,000,000		-
	President	HUANG,JIN-LAI			
Giant Adventure Co., Ltd.	Chairman	CHENG ,CHIU-CHU	1,000,000		-
	Director	KOO,KAM-HOI, TSAI,CHIA-CHIN			
	Supervisor	WANG ,PI-YU			
YouBike Co., Ltd.	Chairman	YANG LIU,LI-ZHU	84,800,000		-
	Director	LIU, CHIN-PIAO (King Liu), HO,YO-REN			
	Supervisor	CHIU,TA-PENG			
	President	HO,YO-REN			
GIANT (China) Co. Ltd.	Chairman	THO, TU HSIU-CHEN (Bonnie Tu)	-	USD	37,500
	Director	LIU,HSIAO-YU ,YEN,CHING-HSIN,			
	Supervisor	SHIH, CHING-AN			
	President	LIU,HSIAO-YU			
D. Mag (Kunshan) New Material Technology Co., Ltd.	Chairman	TU,CHI-PING	217,418		-
	Director	CUI JIAN ZHONG, SUN,DE-CONG, YEN,CHING-HSIN, LU,HUA-MING, JHOU,ZONG-YAN, CHIU,TA-PENG, LIU, YUON-CHAN (Young Liu)			
	President	JHOU,ZONG-YAN			
	Supervisors	WANG,FANG , LU,HSIO-SHAN , LENG,YAN-PING			
Giant Light Metal Technology (Haian) Co., Ltd.	Chairman	TU,CHI-PING	-	RMB	110,000
	Supervisors	JHANG,JIN-HONG			
Giant Light Metal Technology (Malaysia) Co., Ltd.	Director	TU,CHI-PING	-	USD	100
Giant (Chengdu) Co., Ltd.	Chairman	SHIH,CHING-AN	-	USD	6,000
	Director	CHANG ,KUO-HSIANG, CHU ,HSIUNG-YU			
	Supervisors President	LU,HSIO-SHAN CHANG ,KUO-HSIANG			
Giant Electric Vehicle (Kunshan) Co., Ltd.	Chairman	SHIH,CHING-AN	-	USD	5,000
	Director	CHEN,GUEI-YAO , SHIH STEVEN			
	Supervisors President	LU HSIIO-SHAN SHIH ,STEVEN			
GIANT (Tianjin) Co., Ltd.	Chairman	SHIH,CHING-AN	-	USD	12,000
	Directors	YEN,CHING-HSIN, KUO,FANG-CHENG			
	Supervisor President	LU ,HSIO-SHAN KUO ,ANG-CHENG			

Company name	Title	Name or name of representative	No. of shares held	Capital contribution	Percentage of shareholding / capital contribution (%)
Giant Investment Co., Ltd.	Chairman	THO, TU HSIU-CHEN (Bonnie Tu)	-	USD 88,500	100
	Director	LIU, YUON-CHAN (Young Liu), SHIH, CHING-AN			
	Supervisor	CHIU, TA-PENG			
	President	LIU, YUON-CHAN (Young Liu)			
GIANT (Kunshan) Co., Ltd.	Chairman	SHIH, CHING-AN	-	USD 35,000	100
	Director	YEN, CHING-HSIN, YU, CHENG-KAI			
	Supervisor	LU, HSIO-SHAN			
	President	YU, CHENG-KAI			
Giant Cycling Sports Services (Kunshan) Co., Ltd.	Chairman	CHENG, PAO-TANG	-	USD 1,000	100
	Director	LIU, YUON-CHAN (Young Liu), SHIH, CHING-AN			
	Supervisor	CHIU, TA-PENG			
	President	LIU, SU-CHUAN			
Jiangsu Giant Adventure Co., Ltd.	Chairman	CHU, HSIUNG-YU	-	RMB 5,000	100
	Director	LIU, SU-CHUAN, SHIH, CHING-AN			
	Supervisor	LI, HUNG			
	President	CHU, HSIUNG-YU			
Quanzhou YouBike Co., Ltd.	Director	CHENG, PAO-TANG	-	RMB 50,000	100
	Supervisor	SHIH, CHING-AN			
GIANT (Jiangsu) Co., Ltd.	Chairman	SHIH, CHING-AN	-	USD 52,500	100
	Director	SHIH, STEVEN, CHEN, GUEI-YAO			
	President	CHEN, GUEI-YAO			
	Supervisor	LU, HSIO-SHAN			
Putian YouBike Management Co., Ltd.	Director	CHENG, PAO-TANG	-	RMB 50,000	100
	Supervisor	SHIH, CHING-AN			
	President	SU, SHENG-SYONG			
Growood Investment Ltd.	Director	TU, CHI-PING, CHIU, TA-PENG, DENESA ANG	-	USD 18,063	100
Darzens Holdings Ltd.	Director	THO, TU HSIU-CHEN (Bonnie Tu), LIU, YUON-CHAN (Young Liu)	-	USD 14,889	100
Merdeka International Ltd.	Director	CHIU, TA-PENG, WANG, PI-YU	-	USD 6,000	100
Gaiwin B. V.	Director	KOO, KAM HOI, JEFFREY CHIN, ERIC RAMAEKERS	-	EUR 7,243	100
Giant Europe B. V.	Director	KOO, KAM HOI, WANG, PI-YU	-	EUR 15,736	100
	Director	KOO, KAM HOI, WANG, PI-YU, JOHN THOMPSON, ANMIN LI	-	USD 47,618	100
Giant Co., Ltd.	President	JOHN THOMPSON			
	Director	THO, TU HSIU-CHEN (Bonnie Tu), LIU, YUON-CHAN (Young Liu), AKIRA NAKAMURA	-	JPY 200,000	100
Giant Bicycle Company Pty. Ltd.	Supervisor	LIU, CHIE			
	President	AKIRA NAKAMURA			
Giant Bicycle Canada Inc.	Director	KOO, KAM HOI, WANG, PI-YU, DARREN RUTHERFORD	-	AUD 500	100
	President	DARREN RUTHERFORD			
Giant Bicycle Germany GmbH	Director	KOO, KAM HOI, WANG, PI-YU	-	CAD 1,052	100
	President	KOO, KAM HOI			
Giant Deutschland GmbH	Director	KOO, KAM HOI, WANG, PI-YU, OLIVER HENSCHKE	-	EUR 3,472	100
	President	OLIVER HENSCHKE			
Giant France S. A. R. L.	Director	KOO, KAM HOI, WANG, PI-YU	-	EUR 4,200	100
	President	JEROME CHAGNON			
Giant U. K. Ltd.	Director	KOO, KAM HOI, WANG, PI-YU, IAN BEASANT	-	GBP 200	100
	President	IAN BEASANT			
Giant Europe Manufacturing B.V.	Director	JEFFREY CHIN, YEN, CHING-HSIN, WANG, PI-YU	-	EUR 227	100
	President	JEFFREY CHIN			

Company name	Title	Name or name of representative	No. of shares held	Capital contribution	Percentage of shareholding / capital contribution (%)
Giant Polska Sp. ZO.O.	Director	MAGDALENA STANCZAK, KOO, KAM HOI, WANG, PI-YU	-	PLN 150	100
	President	MAGDALENA STANCZAK			
Giant Benelux B.V.	Director	ERNST KLAARMOND, KOO, KAM HOI, WANG, PI-YU	-	EUR 3,230	100
	President	ERNST KLAARMOND,			
Giant Korea Co., Ltd.	Director	JOHN LEE, KOO, KAM HOI, WANG, PI-YU	-	KRW 734,000	100
	Supervisor	REBECCA JUNG			
Giant Bicycle Mexico S. de R.L. de C.V.	President	KOO, KAM HOI	-	MXN 70,060	100
	President	LAI, CHRIS			
Giant Italia S.R.L.	Director	KOO, KAM HOI, WANG, PI-YU	-	EUR 200	100
Golden Rich Limited	Director	TU, CHI-PING	-	USD 100	100
Giant Manufacturing Hungary Ltd.	Director	YEN, CHING-HSIN, WANG, PI-YU, JEFFREY CHIN	-	EUR 15,000	100
	President	JEFFREY CHIN			
Giant Vietnam Manufacturing Company Limited	Director	YEN, CHING-HSIN, LAI, MAO SUNG, WANG, PI-YU	-	USD 20,000	100
	President	LAI, MAO SUNG			
GDC Logistics Ltd.	Director	AARON BARGEWELL, IAN BEASANT	-	-	100
Gaiwin US I Investment Inc.	Director	WANG, PI-YU, YU, WEN-JEN	-	-	100
	President	YU, WEN-JEN			



## 6. Performance of affiliated enterprises

Unit: NTD thousands, except EPS which is presented in NTD  
As of December 31, 2022

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit (loss)	Current period profit (loss) (after tax)	Earnings per share (after-tax) (Note 1)
Giant Sales Co., Ltd.	140,000	1,061,526	477,532	583,994	1,722,059	317,436	285,605	20.40
YouBike Co., Ltd.	848,000	1,469,822	582,933	886,888	1,609,735	(20,501)	(12,584)	-0.15
GIANT (China) Co. Ltd.	1,204,462	8,647,597	5,508,167	3,139,430	12,099,763	649,440	623,470	
GIANT (Kunshan) Co., Ltd.	1,042,337	6,338,735	4,025,459	2,313,276	10,592,463	773,768	606,018	
GIANT (Tianjin) Co., Ltd.	395,314	3,071,236	2,046,900	1,024,336	6,393,763	365,816	318,038	
Giant Electric Vehicle (Kunshan) Co., Ltd.	178,503	6,409,200	3,828,697	2,580,503	10,788,409	1,111,374	980,240	
D. Mag (Kunshan) New Material Technology Co., LTD.	1,588,068	7,656,087	1,232,630	6,423,457	8,359,973	932,553	839,903	
Giant Light Metal Technology (Haian) Co., Ltd.	529,356	1,216,806	794,600	422,206	402,017	(77,464)	(54,417)	
Giant Light Metal Technology (Malaysia) Co., Ltd.	2,929	4,737	8,507	(3,770)	122	(1,972)	(1,746)	
Giant (Chengdu) Co., Ltd.	219,079	525,961	297,051	228,910	1,048,323	58,105	49,282	
Giant Adventure Co., Ltd.	10,000	111,578	54,988	56,590	203,195	32,152	26,580	26.58
Giant Investment Co., Ltd.	2,547,830	4,807,749	191,561	4,616,188	1,076	(67,630)	676,200	
Giant Cycling Sports Services (Kunshan) Co., Ltd.	29,093	3,260	0	3,260	0	0	10	
Jiangsu Giant Adventure Co., Ltd.	22,057	10,455	18,155	(7,700)	6,655	(7,785)	(7,395)	
Quanzhou YouBike Co., Ltd.	220,565	124,966	14,623	110,343	68,836	(99)	13,888	
Putian YouBike Management Co., Ltd.	220,565	277,669	48,519	229,150	104,714	(2,697)	4,812	
GIANT (Jiangsu) Co., Ltd.	1,463,577	1,673,258	21,984	1,651,274	0	(983)	31,451	
AIPS Technology Co., Ltd.	500,000	943,674	556,569	387,105	897,805	(162,267)	(118,866)	-2.38
Giant Europe B. V.	19,639	14,887,090	8,654,991	6,232,099	10,591,257	76,433	807,304	
Gaiwin B. V.	20,566	12,812,510	275,577	12,536,933	0	(2,557)	1,640,160	
Growood Investment Ltd.	480,612	6,838,283	426,308	6,411,975	0	(2,771)	1,939,675	
Darzins Holdings Ltd.	457,209	3,899,409	130,586	3,768,823	0	(64)	446,454	
Merdeka International Ltd.	184,248	229,672	0	229,672	0	(53)	49,172	
Giant Bicycle Inc.	30,708	7,185,511	5,018,544	2,166,967	6,148,698	500,591	331,321	
Giant Co., Ltd.	46,520	1,038,379	524,882	513,497	1,384,096	158,457	108,337	
Giant Bicycle Company Pty. Ltd.	10,422	1,747,249	919,041	828,208	2,419,274	223,484	157,747	
Giant Bicycle Canada Inc.	23,859	1,478,903	993,282	485,621	1,807,976	206,671	138,279	
Giant Deutschland GmbH	9,186	2,270,499	1,584,297	686,202	5,343,277	224,888	155,832	
Giant France S.A.R.L.	137,470	1,544,118	938,071	606,047	4,760,457	173,611	125,393	
Giant U. K. Ltd.	73,591	2,198,876	1,560,100	638,776	2,193,150	115,293	72,087	
Giant Europe Manufacturing B.V.	7,426	6,608,441	4,435,984	2,172,457	13,508,293	388,735	257,759	

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit (loss)	Current period profit (loss) (after tax)	Earnings per share (after-tax) (Note 1)
Giant Polska Sp. ZO.O.	1,047	484,902	209,568	275,335	732,682	35,074	25,396	
Giant Benelux B.V.	105,721	1,460,175	814,527	645,648	3,100,490	134,544	100,711	
Giant Korea Co., Ltd.	17,910	286,340	117,449	168,891	764,629	73,181	56,188	
Giant Bicycle Mexico S. de R.L. de C.V.	110,408	551,170	355,922	195,248	313,630	39,552	24,043	
Giant Italia S.R.L.	6,546	466,837	378,527	88,310	1,212,304	46,636	12,594	
Giant Manufacturing Hungary Ltd.	655	5,663,728	5,254,142	409,586	3,860,026	169,260	74,798	
Golden Rich Limited	2,963	102,505	67,171	35,334	312,916	19,010	15,910	
GIANT VIETNAM MANUFACTURING COMPANY Limited	614,160	662,328	74,903	587,425	0	(26,324)	(25,950)	
GDC Logistics Ltd.	0	0	0	0	0	0	0	
Gaiwin US I Investment Inc.	0	0	0	0	0	0	0	

Note 1: With the exception of Giant Sales Co., Ltd., Giant Adventure Co., Ltd., YouBike Co., Ltd. and AIPS Technology Co., Ltd., no other affiliated enterprises had issued shares, therefore EPS calculation was unavailable.

Note 2: GDC Logistics Ltd. was incorporated and registered with a capital of £1,000 on 12/3/2021. Giant Vietnam Manufacturing Company Limited was incorporated and registered with a capital of US\$20,000,000 on 4/21/2022. Gaiwin US I Investment Inc. had not contributed any capital as of 12/31/2022.

### (2) Consolidated financial statements of affiliated companies

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were identical to the affiliated companies subject to the preparation of consolidated financial statements under Statement of Financial Accounting Standards No. 7 for the year ended in December 31, 2022. All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statements of affiliated enterprises was prepared.

### (3) Relationship Report

1. Relationship between the controlling and the controlled company: None
2. Transactions with the above parties: None
3. Guarantees and endorsements: None.
4. Other events of significant financial or business impacts: None.

## Declaration for consolidated financial statements of affiliated companies

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were identical to the affiliated companies subject to the preparation of consolidated financial statements under Statement of Financial Accounting Standards No. 7 for year ended in December 31, 2022. All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statements of affiliated enterprises were prepared.

Declaration made by the undersigned

Company: Giant MFG. Co., Ltd.

Chairperson: Bonnie Tu

March 10, 2023

2. [Private Placement Securities in 2022 and as of the Date of this Annual Report](#): None.
3. [Status of Common Shares Acquired, Disposed of, and Held by Subsidiaries in 2022 and as of the Date of this Annual Report](#): None.
4. [Other Necessary Supplement](#): None.

**Nine. Any Events in 2022 and as of the Date of the Annual report that Had Significant impact on Shareholders' Interest or Securities Price, as Defined in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act in Taiwan:** None.

## The latest audited consolidated financial report




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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Giant Manufacturing Co., Ltd.

**Opinion**

We have audited the accompanying consolidated financial statements of Giant Manufacturing Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 based on our audits and the reports of other auditors.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

#### Authenticity of sales revenue from major customers

The Group's sales revenue from major customers was significant to the Group's consolidated net sales revenue for the year ended December 31, 2022. Since sales revenue was significant and relatively concentrated on major customers, we identified the authenticity of sales revenue from major customers as a key audit matter. The accounting policy on the revenue recognition is disclosed in Note 4 to the consolidated financial statements.

The main audit procedures that we performed in respect of sales revenue from major customers included the following:

1. We obtained an understanding of the related internal controls on revenue recognition and the appropriateness of the design and implementation of the relevant controls.
2. We sampled the transaction documents of sales revenue from major customers, including sales orders, shipping documents and receipts of payments, and we confirmed the authenticity of revenue recognition.
3. We reviewed the significant sales returns and discounts recorded after the year and confirmed that they did occur after the balance sheet date.

#### **Other Matter**

We did not audit the financial statements of Gaiwin B.V. ("Gaiwin") and investees of Gaiwin, which are investees included in the consolidated financial statements of the Group for the year ended December 31, 2021, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for these investees, is based solely on the reports of other auditors. The total assets of the aforementioned investees were NT\$18,813,181 thousand, representing 24% of the Group's consolidated assets as of December 31, 2021. The total sales revenue of the aforementioned investees was NT\$18,934,180 thousand, representing 23% of the Group's consolidated net sales revenue for the years ended December 31, 2021.

We did not audit the financial statements of Microprogram Information Co., Ltd. ("Microprogram"), an investee accounted for by using the equity method, as of and for the years ended December 31, 2022 and 2021, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for this investee, is based solely on the reports of other auditors. The total assets of the investee were NT\$90,834 thousand and NT\$88,997 thousand, respectively, both representing 0.1% of the Group's consolidated assets as of December 31, 2022 and 2021. The comprehensive income (loss) of the investee was NT\$1,837 thousand and NT\$(8,402) thousand, respectively, representing 0.02% and (0.1%) respectively, of the Group's consolidated comprehensive income for the years ended December 31, 2022 and 2021, respectively.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism. We also:

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lie-Dong Wu and Ting-Chien Su.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 24, 2023

*Notice to Readers*

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	2022		2021	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,954,584	13	\$ 7,714,386	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	441,130	1	2,172,367	3
Financial assets at amortized cost - current (Notes 4, 9 and 34)	1,572,508	2	1,044,822	1
Notes receivable (Notes 4, 10 and 34)	117,090	-	97,118	-
Accounts receivable (Notes 4, 10, 33 and 34)	16,110,300	17	14,259,880	19
Other receivables (Notes 10 and 33)	374,442	-	304,558	-
Inventories (Notes 4 and 11)	41,385,088	44	30,872,481	40
Other current assets (Notes 14 and 32)	1,261,772	1	1,596,674	2
Total current assets	73,216,914	78	58,062,286	75
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	38,964	-	38,977	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	1,146,938	1	1,345,989	2
Investments accounted for using the equity method (Notes 4 and 13)	101,231	-	95,047	-
Property, plant and equipment (Notes 4, 15 and 33)	13,091,836	14	12,181,556	16
Right-of-use assets (Notes 4 and 16)	2,611,790	3	2,157,735	3
Goodwill (Notes 4 and 17)	67,402	-	64,367	-
Other intangible assets (Notes 4 and 18)	415,534	1	497,620	1
Deferred tax assets (Notes 4 and 27)	2,099,996	2	1,733,783	2
Prepayments for equipment (Note 33)	489,350	1	471,821	-
Other non-current assets (Note 19)	254,824	-	550,250	1
Total non-current assets	20,317,865	22	19,137,145	25
<b>TOTAL</b>	<b>\$ 93,534,779</b>	<b>100</b>	<b>\$ 77,199,431</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term bank loans (Notes 20 and 34)	\$ 21,508,034	23	\$ 19,696,646	25
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	33,058	-	-	-
Notes payable	2,097,881	2	1,999,047	3
Accounts payable (Note 33)	7,591,012	8	7,032,707	9
Other payables (Notes 22 and 33)	10,334,657	11	8,540,540	11
Current tax liabilities (Notes 4 and 27)	2,467,740	3	1,619,691	2
Provisions - current (Notes 4 and 23)	446,217	-	499,365	1
Lease liabilities - current (Notes 4 and 16)	528,110	1	451,372	1
Current portion of long-term borrowings (Note 20)	1,604,240	2	-	-
Other current liabilities	611,688	1	610,666	1
Total current liabilities	47,222,637	51	40,450,034	53
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 21)	3,758,556	4	-	-
Long-term bank loans (Note 20)	2,389,708	3	3,163,236	4
Deferred tax liabilities (Notes 4 and 27)	1,865,301	2	1,620,062	2
Lease liabilities - non-current (Notes 4 and 16)	1,234,841	1	927,220	1
Deferred revenue - non-current (Notes 4 and 30)	964,245	1	979,416	2
Net defined benefit liabilities (Notes 4 and 24)	85,141	-	202,698	-
Other non-current liabilities (Note 23)	114,465	-	203,680	-
Total non-current liabilities	10,412,257	11	7,096,312	9
Total liabilities	57,634,894	62	47,546,346	62
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Ordinary shares	3,920,646	4	3,750,646	5
Capital surplus	4,716,303	5	1,792,401	2
Retained earnings				
Legal reserve	5,939,679	6	5,350,968	7
Special reserve	2,522,195	3	1,938,124	2
Unappropriated earnings	18,161,869	19	17,165,872	22
Other equity	(1,904,900)	(2)	(2,522,195)	(3)
Total equity attributable to owners of the Company	33,355,792	35	27,475,816	35
<b>NON-CONTROLLING INTERESTS</b>	<b>2,544,093</b>	<b>3</b>	<b>2,177,269</b>	<b>3</b>
Total equity	35,899,885	38	29,653,085	38
<b>TOTAL</b>	<b>\$ 93,534,779</b>	<b>100</b>	<b>\$ 77,199,431</b>	<b>100</b>

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

(With Deloitte & Touche auditors' report dated March 24, 2023)

## GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET SALES REVENUE (Notes 4 and 33)	\$ 92,043,675	100	\$ 81,839,870	100
COST OF GOODS SOLD (Notes 11, 26 and 33)	<u>71,219,652</u>	<u>77</u>	<u>62,075,731</u>	<u>76</u>
GROSS PROFIT	<u>20,824,023</u>	<u>23</u>	<u>19,764,139</u>	<u>24</u>
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing expenses	7,944,478	9	7,484,368	9
General and administrative expenses	2,855,958	3	2,519,430	3
Research and development expenses	1,531,809	2	1,041,133	1
Expected credit loss (Notes 4 and 10)	<u>577,339</u>	<u>-</u>	<u>9,921</u>	<u>-</u>
Total operating expenses	<u>12,909,584</u>	<u>14</u>	<u>11,054,852</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>7,914,439</u>	<u>9</u>	<u>8,709,287</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs (Note 26)	(427,656)	-	(217,104)	-
Share of profit (loss) of associates accounted for using the equity method (Note 13)	5,802	-	(6,942)	-
Interest income	326,861	-	285,600	-
Other gains and losses (Notes 26 and 30)	213,945	-	267,335	-
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss	(12,474)	-	7,342	-
Gain (loss) on disposal of property, plant and equipment, net	13,243	-	(19,291)	-
Foreign exchange gain (loss), net	<u>703,859</u>	<u>1</u>	<u>(297,767)</u>	<u>-</u>
Total non-operating income and expenses	<u>823,580</u>	<u>1</u>	<u>19,173</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	8,738,019	10	8,728,460	11
INCOME TAX EXPENSE (Notes 4 and 27)	<u>2,561,488</u>	<u>3</u>	<u>2,420,951</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>6,176,531</u>	<u>7</u>	<u>6,307,509</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 24)	94,438	-	(53,710)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(603)	-	257	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>(18,888)</u>	<u>-</u>	<u>10,742</u>	<u>-</u>
	<u>74,947</u>	<u>-</u>	<u>(42,711)</u>	<u>-</u>

(Continued)

## GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	\$ 806,247	1	\$ (718,136)	(1)
Share of the other comprehensive income of associates accounted for using the equity method (Note 13)	293	-	-	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 27)	<u>(154,474)</u>	<u>-</u>	<u>146,082</u>	<u>-</u>
	<u>652,066</u>	<u>1</u>	<u>(572,054)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>727,013</u>	<u>1</u>	<u>(614,765)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,903,544</u>	<u>8</u>	<u>\$ 5,692,744</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,843,875	6	\$ 5,930,074	7
Non-controlling interests	<u>332,656</u>	<u>1</u>	<u>377,435</u>	<u>1</u>
	<u>\$ 6,176,531</u>	<u>7</u>	<u>\$ 6,307,509</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,536,720	7	\$ 5,303,035	7
Non-controlling interests	<u>366,824</u>	<u>1</u>	<u>389,709</u>	<u>-</u>
	<u>\$ 6,903,544</u>	<u>8</u>	<u>\$ 5,692,744</u>	<u>7</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 15.51</u>		<u>\$ 15.81</u>	
Diluted	<u>\$ 15.14</u>		<u>\$ 15.73</u>	

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

(With Deloitte & Touche auditors' report dated March 24, 2023)

(Concluded)

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Total	Non-controlling Interests	Total Equity
	Ordinary Shares (Note 25)	Capital Surplus (Note 4, 25 and 29)	Retained Earnings (Note 25)	Other Equity	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2021	\$ 3,750,646	\$ 1,792,401	\$ 1,955,207	\$ 4,846,055	\$ (1,938,851)	\$ 727	\$ 1,787,560	\$ 26,940,858
Appropriation of 2020 earnings	-	-	(504,913)	504,913	-	-	-	-
Legal reserve	-	-	(17,083)	-	-	-	-	-
Special reserve	-	-	(3,000,517)	-	-	-	-	(3,000,517)
Cash dividends distributed by the Company - \$8.0 per share	-	-	5,930,074	-	-	-	377,435	6,307,509
Net profit for the year ended December 31, 2021	-	-	(42,968)	-	(584,328)	257	12,274	(614,765)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	5,887,106	-	(584,328)	257	389,709	5,697,744
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	17,165,872	-	(2,523,179)	984	2,177,269	29,653,085
BALANCE AT DECEMBER 31, 2021	3,750,646	1,792,401	1,938,124	5,350,968	(2,523,179)	984	2,177,269	29,653,085
Appropriation of 2021 earnings	-	-	(588,711)	588,711	-	-	-	-
Legal reserve	-	-	(584,071)	-	-	-	-	(3,750,646)
Cash dividends distributed by the Company - \$10.0 per share	-	-	(3,750,646)	-	-	-	-	(3,750,646)
Recognition of equity component of convertible bonds issued	-	263,283	-	-	-	-	-	263,283
Issuance of ordinary shares for cash	170,000	2,584,000	-	-	-	-	-	2,754,000
Share-based payment arrangements	-	76,619	-	-	-	-	-	76,619
Net profit for the year ended December 31, 2022	-	-	5,843,875	-	-	-	332,656	6,176,531
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	75,550	-	617,898	(603)	34,168	727,013
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	5,919,425	-	617,898	(603)	366,824	6,903,544
BALANCE AT DECEMBER 31, 2022	3,920,646	4,716,303	2,522,195	5,939,679	(1,905,281)	381	2,544,093	35,899,885

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche audit report dated March 24, 2023)

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 8,738,019	\$ 8,728,460
Adjustments for:		
Depreciation and amortization expenses	2,143,995	1,946,415
Expected credit loss	577,339	9,921
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	12,474	(7,342)
Finance costs	427,656	217,104
Interest income	(326,861)	(285,600)
Dividend income	(118)	(75)
Compensation cost of employee share options	76,619	-
Share of profit or loss of associates accounted for using the equity method	(5,802)	6,942
Loss (gain) on disposal of property, plant and equipment, net	(13,243)	19,291
Write-down of inventories	589,524	145,214
Impairment loss recognized on non-financial assets	-	123,043
Unrealized loss (gain) on foreign currency exchange, net	61,201	(21,272)
Realized deferred revenue	(125,864)	(61,983)
Gain on lease modification	(1,952)	(3,566)
Net changes in operating assets and liabilities		
Notes receivable	(18,978)	19,449
Accounts receivable	(2,008,667)	(2,708,320)
Other receivables	662	(65,643)
Inventories	(9,880,367)	(13,755,449)
Other current assets	372,940	(400,892)
Notes payable	67,021	174,559
Accounts payable	440,188	706,611
Other payables	1,620,979	1,752,763
Provisions	(68,763)	62,986
Other current liabilities	(3,456)	77,490
Net defined benefit liabilities	(23,240)	33,498
Cash generated from (used in) operations	2,651,306	(3,286,396)
Interest received	256,339	230,413
Interest paid	(356,316)	(222,343)
Income tax paid	(2,039,756)	(1,681,353)
<b>Net cash generated from (used in) operating activities</b>	<b>511,573</b>	<b>(4,959,679)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(36,906)
Purchase of financial assets at amortized cost	(363,633)	(1,606,282)
Proceeds from sale of financial assets at amortized cost	69,900	20,202
Purchase of financial assets at fair value through profit or loss	(441,130)	-
Proceeds from sale of financial assets at fair value through profit or loss	2,208,684	1,670,783

(Continued)

## GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Acquisition of investments accounted for using the equity method	\$ -	\$ (4,570)
Payments for property, plant and equipment	(1,682,770)	(1,661,945)
Proceeds from disposal of property, plant and equipment	159,886	92,078
Payments for intangible assets	(57,944)	(217,040)
Payments for right-of-use assets	(170,367)	(67,371)
Decrease in other non-current assets	303,935	309,825
Increase in prepayments for equipment	(788,947)	(430,926)
Other dividends received	118	75
Proceeds from government grants	<u>131,621</u>	<u>179,793</u>
Net cash used in investing activities	<u>(630,647)</u>	<u>(1,752,284)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	1,275,844	8,924,198
Proceeds from issuance of convertible bonds	4,015,190	-
Proceeds from long-term bank loans	818,712	645,801
Repayments of long-term bank loans	(122,917)	(1,558,496)
Repayment of the principal portion of lease liabilities	(282,081)	(255,841)
Increase (decrease) in other non-current liabilities	(98,471)	19,376
Dividends paid to owners of the Company	(3,750,646)	(3,000,517)
Proceeds from issuance of ordinary shares	<u>2,754,000</u>	<u>-</u>
Net cash generated from financing activities	<u>4,609,631</u>	<u>4,774,521</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS</b>	<u>(250,359)</u>	<u>280,663</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,240,198	(1,656,779)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>7,714,386</u>	<u>9,371,165</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 11,954,584</u>	<u>\$ 7,714,386</u>

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

(With Deloitte & Touche auditors' report dated March 24, 2023)

(Concluded)

## GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

#### 1. GENERAL INFORMATION

Giant Manufacturing Co., Ltd. ("Giant" or the "Company") was incorporated in October 1972. Its shares are listed on the Taiwan Stock Exchange since December 1994.

Giant manufactures and sells bicycles, electric bicycles and related parts.

The consolidated financial statements of Giant and its subsidiaries (collectively referred to as the "Group") are presented in the Company's functional currency, New Taiwan dollar.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 10, 2023.

#### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. 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 determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. 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.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured 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 inputs are 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.

c. 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 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. 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).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group 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.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, tables 7 and 8 for detailed information on subsidiaries (including percentage of ownership and main businesses).

e. 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 denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is 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 gains 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 item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of foreign operations (including subsidiaries and associates that use currencies that are different from the currency of the Company) 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; 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.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods and merchandise 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.

g. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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 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 at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the Group subscribes for additional new shares of an 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 capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the 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 had the investee 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 using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. 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 intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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.

i. Investment properties

Investment properties are properties held to earn rentals 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. Depreciation is recognized using the straight-line method.

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.

j. Goodwill

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

For the purposes of 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 are 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 period, that unit shall be tested for impairment before the end of the current annual period. 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 pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. 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 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.

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.

l. Impairment of property, plant and equipment, investment properties, right-of-use assets, and intangible assets other than goodwill.

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets 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 individual 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 (less amortization and depreciation) 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.

m. 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 fair value through profit or loss (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.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets 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, notes receivable at amortized cost, accounts receivable and other receivables, 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.

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.



iii. 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.

b) 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 considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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.

c) 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. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income 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) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 32.

b) 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.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

#### 5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

#### n. Provisions

Provisions are measured at the best estimate of the discounted cash flows 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.

Provisions for the expected cost of warranty obligations to assure that sale contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligation.

#### o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

##### 1) Revenue from the sale of goods

Revenue from the sale of goods is recognized as revenue and accounts receivable when the goods are delivered to the customer's specific location, when the goods are shipped or when the goods are picked up because it is the time when the customer has the ownership of the goods and bears the risks.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

##### 2) Revenue from the rendering of services

Revenue from the rendering of services comes from the service concession arrangements.

The Group simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered.

##### 3) Construction contract revenue

The Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations.

#### p. Leases

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.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

##### 2) The Group as lessee

The Group 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 by 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. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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 lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term used to determine payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

## q. 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. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## r. 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 income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives 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 are received.

## s. 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 rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost) and net interest on the net defined benefit liability 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 liabilities represent the actual deficit 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.

## t. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares as well as the price that the employees purchase are confirmed.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

## u. 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 Act 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 and unused loss carryforwards 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 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 such temporary differences 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.

## 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. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on 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 estimates and underlying assumptions are reviewed on an ongoing basis by management. 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	
	2022	2021
Cash on hand and petty cash	\$ 2,337	\$ 2,116
Checking accounts and demand deposits	11,405,855	7,322,587
Cash equivalents		
Commercial papers	221,930	334,873
Time deposits with original maturities of less than three months	<u>325,870</u>	<u>56,202</u>
	11,955,992	7,715,778
Less: Pledged time deposits (Note 34)	<u>(1,408)</u>	<u>(1,392)</u>
	<u>\$ 11,954,584</u>	<u>\$ 7,714,386</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Wealth management products	\$ 441,130	\$ 2,170,950
Foreign exchange forward contracts	<u>-</u>	<u>1,417</u>
	<u>\$ 441,130</u>	<u>\$ 2,172,367</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Foreign exchange forward contracts	\$ 5,858	\$ -
Redemption and put options of convertible bonds (Note 21)	<u>27,200</u>	<u>-</u>
	<u>\$ 33,058</u>	<u>\$ -</u>

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)	Range of Interest Rates Received
<u>December 31, 2022</u>				
Sell	USD/NTD	2023.1.4-2023.1.31	USD24,500/NTD748,293	30.37-30.64
	EUR/NTD	2023.1.19	EUR11,350/NTD368,491	32.35-32.60
	USD/JPY	2023.1.5	USD2,000/JPY265,000	132.5
<u>December 31, 2021</u>				
Sell	USD/NTD	2022.1.7-2022.2.11	USD17,500/NTD485,532	27.64-27.83
	EUR/NTD	2022.1.7-2022.2.11	EUR9,000/NTD282,581	31.37-31.41

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These foreign exchanges forward contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Investments in equity instruments - non-current</u>		
Domestic listed company	\$ 1,468	\$ 2,071
Foreign unlisted company	<u>37,496</u>	<u>36,906</u>
	<u>\$ 38,964</u>	<u>\$ 38,977</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 1,570,100	\$ 1,042,430
Pledged deposits (b)	<u>2,408</u>	<u>2,392</u>
	<u>\$ 1,572,508</u>	<u>\$ 1,044,822</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months (a)	<u>\$ 1,146,938</u>	<u>\$ 1,345,989</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.41%-5.3% and 0.35%-3.99% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
Notes receivable	\$ 117,090	\$ 97,118
<u>Accounts receivable</u>		
Accounts receivable	\$ 17,057,011	\$ 14,651,452
Less: Allowance for impairment loss	(946,711)	(391,572)
	<u>\$ 16,110,300</u>	<u>\$ 14,259,880</u>
<u>Other Receivables</u>		
Other Receivables	\$ 381,846	\$ 305,234
Less: Allowance for impairment loss	(7,404)	(676)
	<u>\$ 374,442</u>	<u>\$ 304,558</u>

The average credit period of sales of goods is 30 to 120 days. No interest is charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if such information is not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management administrator annually.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position and the economic condition of the industry in which the debtors operate. Before 2021, as the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. However, starting in 2022, due to indication of default on certain customers, the Group uses different provision matrixes from other customers and determines the expected credit loss ratio by reference to expected recoverable amounts.

The Group writes off an accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and accounts receivable.

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Indication of Default	Total
<u>December 31, 2022</u>						
Expected credit loss rate	0%-3%	0.5%-70%	30%-90%	80%-100%	80%	
Gross carrying amount	\$ 14,362,808	\$ 1,670,495	\$ 473,403	\$ 274,635	\$ 392,760	\$ 17,174,101
Loss allowance (lifetime ECL)	(85,884)	(100,483)	(176,805)	(268,630)	(314,909)	(946,711)
Amortized cost	<u>\$ 14,276,924</u>	<u>\$ 1,570,012</u>	<u>\$ 296,598</u>	<u>\$ 6,005</u>	<u>\$ 77,851</u>	<u>\$ 16,227,390</u>
<u>December 31, 2021</u>						
Expected credit loss rate	0%-3%	0.5%-70%	30%-90%	80%-100%	-	
Gross carrying amount	\$ 13,871,241	\$ 487,221	\$ 104,880	\$ 285,228	\$ -	\$ 14,748,570
Loss allowance (lifetime ECL)	(77,429)	(26,734)	(28,694)	(258,715)	-	(391,572)
Amortized cost	<u>\$ 13,793,812</u>	<u>\$ 460,487</u>	<u>\$ 76,186</u>	<u>\$ 26,513</u>	<u>\$ -</u>	<u>\$ 14,356,998</u>

The movements of the loss allowance of notes receivable, accounts receivable and other receivables were as follows:

	For the Year Ended December 31			
	2022		2021	
	Accounts Receivable	Other Receivables	Accounts Receivable	Other Receivables
Balance at January 1	\$ 391,572	\$ 676	\$ 432,500	\$ 5,775
Add: Net remeasurement of loss allowance	570,622	6,717	9,785	136
Less: Amounts written off	(34,927)	-	(32,530)	(5,254)
Foreign exchange gains and losses	19,444	11	(18,183)	19
Balance at December 31	<u>\$ 946,711</u>	<u>\$ 7,404</u>	<u>\$ 391,572</u>	<u>\$ 676</u>

Refer to Note 34 for information relating to notes receivable and accounts receivable pledged as security.

## 11. INVENTORIES

	December 31	
	2022	2021
Finished goods and merchandise	\$ 23,701,585	\$ 14,653,001
Work in process	670,547	583,927
Raw materials and supplies	<u>17,012,956</u>	<u>15,635,553</u>
	<u>\$ 41,385,088</u>	<u>\$ 30,872,481</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$71,219,652 thousand and \$62,075,731 thousand, respectively. The cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs of \$589,524 thousand and \$145,214 thousand, respectively.

## 12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership December 31		Investor	Investee	Main Business	% of Ownership December 31		
			2022	2021				2022	2021	
Giant	Gaiwin B.V. (“Gaiwin”)	Overseas reinvested holding company	100	100	Giant Europe	Giant Benelux B.V. (“Giant Benelux”)	Sale of bicycles and related products	100	100	
	Growood Investment Ltd. (“Growood”)	Overseas reinvested holding company	100	100		Giant Italia S.R.L. (“Giant Italy”)	Sale of bicycles and related products	100	100	
	Darzins Holdings Ltd. (“Darzins”)	Overseas reinvested holding company	100	100	Giant Manufacturing Hungary Ltd. (“Giant Hungary Mfg.”)	Manufacture and sale of bicycles	100	100		
	Merdeka International Ltd. (“Merdeka”)	Overseas reinvested holding company	100	100	Giant UK	GDC Logistics Ltd. (GDC) (Note 3)	Sales businesses	100	-	
	Giant Sales Co., Ltd. (“Giant Sales”)	Sale of bicycles and related products and bicycle rental	100	100		Growood	Giant (China) Co., Ltd. (“Giant China”)	Manufacture and sale of bicycles	100	100
	YouBike Co., Ltd. (“YouBike”)	Public bicycle rental	100	100	Giant Electric Vehicle (Kunshan) Co., Ltd. (“Giant Electric Vehicle”)	Manufacture and sale of electric bicycles	100	100		
	Giant Holding Co., Ltd. (“Giant Holding”)	Overseas reinvested holding company	100	100	Giant (Tianjin) Co., Ltd. (“Giant Tianjin”)	Manufacture and sale of bicycles	100	100		
	Giant Bicycle Mexico S. de R.L. de C.V. (“Giant Mexico”)	Sale of bicycles and related products	-	-	Darzins	D. Mag (Kunshan) New Material Technology Co., Ltd. (“D. Mag”)	Manufacture and sale of new aluminum alloy products	60	60	
	AIPS Technology Co., Ltd. (“AIPS”)	Manufacture and sale of sporting goods	100	100		Merdeka	Giant (Chengdu) Co., Ltd. (“Giant Chengdu”)	Manufacture and sale of bicycles	100	100
	Giant Vietnam Manufacturing Company Limited (“Giant Vietnam Mfg.”) (Note 1)	Manufacture and sale of bicycles	100	-	Giant Sales	Giant Adventure Co., Ltd. (“Giant Adventure”)	Undertake domestic and international tourism business	100	100	
	Gaiwin	Giant Europe B.V. (“Giant Europe”)	Overseas reinvested holding company and sale of bicycles and related products	100	100	Giant Holding	Giant (Kunshan) Co., Ltd. (“Giant Kunshan”)	Manufacture and sale of bicycles	100	100
		Giant Co., Ltd. (“Giant Japan”)	Sale of bicycles and related products	100	100		Giant Cycling Service (Kunshan) Co., Ltd. (“Giant Cycling Service”)	Leases of bicycles and promotion of outdoor activities	100	100
		Giant Bicycle Inc. (“Giant USA”)	Sale of bicycles and related products	100	100	Giant (Jiangsu) Co., Ltd. (“Giant Jiangsu”)	Manufacture and sale of bicycles	100	100	
		Giant Korea Co., Ltd. (“Giant Korea”)	Sale of bicycles and related products	100	100	Giant China	Jiangsu Giant Adventure Co., Ltd. (“Jiangsu Giant”)	Undertake China tourism business	100	100
		Giant Bicycle Canada Inc. (“Giant Canada”)	Sale of bicycles and related products	100	100		Giant Kunshan	Quanzhou YouBike Co., Ltd (“Quanzhou YouBike”)	Undertake China public bicycle rental	100
		Giant Bicycle Company Pty. Ltd. (“Giant Australia”)	Sale of bicycles and related products	100	100	Putian YouBike Co., Ltd. (“Putian YouBike”)		Undertake China public bicycle rental	100	100
		Giant Mexico	Sale of bicycles and related products	100	100	D. Mag	Golden Rich Ltd. (“Golden Rich”)	International trade	100	100
Gaiwin US I Investment Inc. (“Gaiwin US”) (Note 2)		Overseas reinvested holding company	100	-	Giant Light Metal Technology (Haian) Co., Ltd. (“Light Metal Haian”)		Manufacture and sale of new aluminum alloy materials, semi-solid aluminum, and superplastic aluminum	100	100	
Giant Europe		Giant Deutschland GmbH (“Giant Germany”)	Sale of bicycles and related products	100	100	Giant Light Metal Technology (Malaysia) Co., Ltd. (“Light Metal Malaysia”)	Sale of medium and high-end aluminum wheel hub products	100	100	
		Giant Polska Sp. ZO.O. (“Giant Polska”)	Sale of bicycles and related products	100	100					
	Giant Europe Manufacturing B.V. (“Giant Europe Mfg.”)	Manufacture and sale of bicycles	100	100						
	Giant France	Sale of bicycles and related products	100	100						
	Giant U.K. Ltd. (“Giant UK”)	Sale of bicycles and related products	100	100						

(Continued)

Note 1: A newly established subsidiary focusing on manufacture and sale of bicycles.

Note 2: A newly established subsidiary is principally engaged in the investment business without contributed capital as of December 31, 2022.

Note 3: A newly established subsidiary mainly engaged in sales business has not commenced operations in substance.

(Concluded)

The financial statements of subsidiaries included in the consolidated financial statements were audited by the auditors for the same year.

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in insignificant associates	\$ 101,231	\$ 95,047
	<b>For the Year Ended December 31</b>	
	2022	2021
The Group's share of:		
Net profit (loss) for the year	\$ 5,802	\$ (6,942)
Other comprehensive gain	293	-
Total comprehensive income (loss) for the year	\$ 6,095	\$ (6,942)

In June 2021, the Group subscribed for 33% shares of Meiki Giant Co., Ltd. (Meiki Giant) in cash of RMB \$1,056 thousand.

Refer to Tables 7 and 8 for the nature of activities, principal places of business, ownership percentage, and countries of incorporation of the abovementioned associates.

Except for Meiki Giant, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the associate's financial statements audited by the auditors for the same years. Meiki Giant's financial statements have not been audited by the auditors. However, management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Meiki Giant which have not been audited.

### 14. OTHER CURRENT ASSETS

	December 31	
	2022	2021
Value - added tax	\$ 759,142	\$ 822,183
Prepaid expenses	279,999	266,543
Prepayments for purchases	156,301	129,759
Others	66,330	378,189
	<u>\$ 1,261,772</u>	<u>\$ 1,596,674</u>

### 15. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2022					
	Beginning Balance	Additions	Disposals	Reclassified	Translation Differences	Ending Balance
<b>Cost</b>						
Land	\$ 995,133	\$ -	\$ -	\$ -	\$ 4,223	\$ 999,356
Buildings	9,206,313	395,078	(11,984)	371,872	154,673	10,115,952
Machinery equipment	7,557,682	360,667	(142,228)	735,799	100,709	8,612,629
Transportation equipment	327,512	31,929	(30,644)	2,742	5,623	337,162
Office equipment	340,061	20,458	(8,533)	12,459	6,044	370,489
Furniture and fixtures	18,992	1,917	(1,129)	9,131	56	28,967
Other equipment	3,243,570	446,171	(126,268)	378,779	86,846	4,029,098
Construction in progress	1,159,229	404,913	(107,846)	(770,809)	21,776	707,263
	<u>22,848,492</u>	<u>\$ 1,661,133</u>	<u>\$ (428,632)</u>	<u>\$ 739,973</u>	<u>\$ 379,950</u>	<u>25,200,916</u>
<b>Accumulated depreciation</b>						
Buildings	3,048,348	\$ 396,350	\$ (9,595)	\$ (2,168)	\$ 41,530	3,474,465
Machinery equipment	4,673,069	630,493	(123,025)	(94)	59,873	5,240,316
Transportation equipment	245,430	29,520	(28,565)	(1,379)	4,529	249,535
Office equipment	252,066	28,815	(7,389)	(10,029)	4,384	267,847
Furniture and fixtures	15,127	2,962	(975)	(2,484)	38	14,668
Other equipment	2,402,183	473,200	(112,404)	(248)	68,352	2,831,083
	<u>10,636,223</u>	<u>\$ 1,561,340</u>	<u>\$ (281,953)</u>	<u>\$ (16,402)</u>	<u>\$ 178,706</u>	<u>12,077,914</u>
<b>Accumulated impairment</b>						
Machinery equipment	26,418	\$ -	\$ (36)	\$ -	\$ 421	26,803
Other equipment	4,295	-	-	-	68	4,363
	<u>30,713</u>	<u>\$ -</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ 489</u>	<u>31,166</u>
	<u>\$ 12,181,556</u>					<u>\$ 13,091,836</u>
	For the Year Ended December 31, 2021					
	Beginning Balance	Additions	Disposals	Reclassified	Translation Differences	Ending Balance
<b>Cost</b>						
Land	\$ 1,015,153	\$ -	\$ -	\$ 7,795	\$ (27,815)	\$ 995,133
Buildings	8,717,984	608,876	(25,442)	48,037	(143,142)	9,206,313
Machinery equipment	7,195,491	327,544	(146,312)	158,869	22,090	7,557,682
Transportation equipment	338,618	37,680	(31,231)	(16,269)	(1,286)	327,512
Office equipment	319,583	38,046	(8,303)	2,396	(11,661)	340,061
Furniture and fixtures	31,337	1,338	(1,314)	(12,392)	23	18,992
Other equipment	2,861,895	492,855	(55,381)	15,043	(70,842)	3,243,570
Construction in progress	1,033,662	351,165	(65,056)	(115,077)	(45,465)	1,159,229
	<u>21,513,723</u>	<u>\$ 1,857,504</u>	<u>\$ (333,039)</u>	<u>\$ 88,402</u>	<u>\$ (278,098)</u>	<u>22,848,492</u>
<b>Accumulated depreciation</b>						
Buildings	2,715,600	\$ 378,441	\$ (14,238)	\$ (332)	\$ (31,123)	3,048,348
Machinery equipment	4,176,103	600,518	(118,187)	1,934	12,701	4,673,069
Transportation equipment	250,066	33,788	(29,353)	(8,106)	(965)	245,430
Office equipment	233,968	34,023	(8,303)	1,708	(9,330)	252,066
Furniture and fixtures	16,751	3,759	(1,255)	(4,144)	16	15,127
Other equipment	2,125,762	385,816	(50,319)	(1,516)	(57,560)	2,402,183
	<u>9,518,250</u>	<u>\$ 1,436,345</u>	<u>\$ (221,655)</u>	<u>\$ (10,456)</u>	<u>\$ (86,261)</u>	<u>10,636,223</u>

(Continued)

	For the Year Ended December 31, 2021					Ending Balance
	Beginning Balance	Additions	Disposals	Reclassified	Translation Differences	
<u>Accumulated impairment</u>						
Machinery equipment	\$ 26,271	\$ -	\$ (15)	\$ -	\$ 162	\$ 26,418
Other equipment	4,269	-	-	-	26	4,295
	<u>30,540</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>188</u>	<u>30,713</u>
	<u>\$ 11,964,933</u>					<u>\$ 12,181,556</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	3-60 years
Electrical power equipment	5-50 years
Others	5-15 years
Machinery equipment	2-15 years
Transportation equipment	1-10 years
Office equipment	1-20 years
Furniture and fixtures	1-20 years
Other equipment	1-25 years

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 1,156,280	\$ 1,074,555
Buildings	1,348,932	984,792
Others	<u>106,578</u>	<u>98,388</u>
	<u>\$ 2,611,790</u>	<u>\$ 2,157,735</u>
<u>For the Year Ended December 31</u>		
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 768,870</u>	<u>\$ 696,545</u>
Depreciation charge for right-of-use assets		
Land	\$ 30,410	\$ 27,235
Buildings	314,260	281,896
Others	<u>45,448</u>	<u>46,527</u>
	<u>\$ 390,118</u>	<u>\$ 355,658</u>

Except for additions and the recognized depreciation expenses listed above, the Group's right-of-use assets did not have significant subleases or impairment for the years ended December 31, 2022 and 2021.

### b. Lease liabilities

#### Carrying amount

	December 31	
	2022	2021
Current	<u>\$ 528,110</u>	<u>\$ 451,372</u>
Non-current	<u>\$ 1,234,841</u>	<u>\$ 927,220</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.26%-2.07%	0.26%-1.35%
Buildings	0.17%-8.47%	0.17%-8.47%
Others	0.17%-5.49%	0.17%-5.49%

### c. Material leasing activities and terms

The Group leases land and buildings for the use of plants, offices, employee dormitories and retail stores with lease terms of 1 to 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

The Group leases land from Central Taiwan Science Park Bureau, Ministry of Science and Technology with a term that will expire on December 31, 2035, due for renewal.

The Group acquired land use rights from the government of the People's Republic of China. The land use rights may be subleased or assigned to third parties under the agreement. The leased land was utilized to build manufacturing facilities, office buildings and employee dormitory facilities.

## 17. GOODWILL

	For the Year Ended December 31	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 64,367	\$ 70,968
Effect of foreign currency exchange differences	<u>(3,035)</u>	<u>(6,601)</u>
Balance at December 31	<u>\$ 67,402</u>	<u>\$ 64,367</u>

## 18. OTHER INTANGIBLE ASSETS

	December 31	
	2022	2021
Computer software cost	\$ 376,627	\$ 453,364
Others	<u>38,907</u>	<u>44,256</u>
	<u>\$ 415,534</u>	<u>\$ 497,620</u>



Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software cost	1-10 years
Others	2-15 years

### 19. CASH SURRENDER VALUE OF ANNUITY INSURANCE

The cash surrender value of annuity insurance coverages for employees is deducted and paid on behalf of the employees by the Company. The insurance premiums, which are paid at the cash surrender value which are classified as current insurance expenses with a simultaneous increase in the carrying amount of the annuity insurance. At the time of expiration of the guaranteed period upon mid-term cancellation, the receipt of full payment will reduce the cash surrender value of annuity insurance according to the carrying amount.

Changes in the cash surrender value of annuity insurance were as follows (classified as other non-current assets):

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 6,199	\$ 13,992
Annuity insurance payment for the year	9,819	3,259
Annuity insurance received for the year	(16,118)	(11,421)
Increase in cash surrender value	<u>100</u>	<u>368</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 6,198</u>

### 20. LOANS

#### a. Short-term bank loans

	<u>December 31</u>	
	2022	2021
<u>Secured bank loans</u> (Note 34)		
Notes and accounts receivable secured loans	\$ 1,328,642	\$ 520,865
<u>Unsecured bank loans</u>		
Line of credit loans	<u>20,179,392</u>	<u>19,175,781</u>
	<u>\$ 21,508,034</u>	<u>\$ 19,696,646</u>
<u>Effective interest rates (%)</u>		
Notes and accounts receivable secured loans	1.1-5.35	0.3-1.15
Line of credit loans	0.17-12.1	0.17-8.81

#### b. Long-term bank loans

	<u>December 31</u>	
	2022	2021
<u>Unsecured bank loans</u>		
Line of credit loans	\$ 4,073,133	\$ 3,288,142
Less: Current portion of long-term borrowings	(1,604,240)	-
Discounts on government grants (Note 30)	<u>(79,185)</u>	<u>(124,906)</u>
	<u>\$ 2,389,708</u>	<u>\$ 3,163,236</u>
<u>Effective interest rates (%)</u>		
Line of credit loans	0.35-3.85	0.01-3.85
Line of credit loans are due between 2023 and 2029.		

### 21. BONDS PAYABLE

	<u>December 31</u>	
	2022	2021
Domestic unsecured convertible bonds	\$ 4,000,000	\$ -
Less: Discount on bonds payable	<u>(241,444)</u>	<u>-</u>
	<u>\$ 3,758,556</u>	<u>\$ -</u>

The Company issued 40,000 units of domestic unsecured convertible bonds at a principal amount of \$100 thousand with an issue price of 100.5% of the principal amount and 0% coupon rate for a total amount of \$4,020,000 thousand on June 13, 2022. The bond has a maturity of five years, from the issue date of June 13, 2022 to June 13, 2027.

Bondholders may convert the bonds into ordinary shares of the Company at the conversion price of \$290.7 per share during the conversion period of September 14, 2022 to June 13, 2027. Bonds held until maturity would be redeemed in cash at the principal amount. Other major clauses are as follows:

#### a. Put option of the bondholders

Bondholders may request the Company to redeem the convertible bonds three years after the issue date (i.e., the put date is June 13, 2025) at the principal amount. Upon such request, the Company shall redeem the bonds in cash.

#### b. Redemption right of the Company

Between the day immediately following the 3 months from the issue date (i.e., September 14, 2022) and 40 days prior to the maturity date (i.e., May 4, 2027), the Company may redeem the outstanding convertible bonds in cash at the principal amount in accordance with the relevant rules when the closing price of the Company's ordinary shares exceeds the conversion price at that time by 30% (inclusive) for a period of thirty consecutive trading days or when the balance of the outstanding bonds is less than 10% of the issue amount.

The convertible bonds contains a liability component and an equity component. The equity component is presented as capital surplus - stock options. For liability component, the effective interest rate at initial recognition is 1.399%. Derivatives from the redemption right and put option are recognized as financial liabilities at fair value through profit or loss - current at the net amount.

Proceeds from issuance (net of transaction cost of \$4,810 thousand)	\$ 4,015,190
Equity component (net of transaction cost allocated to the equity component of \$317 thousand)	(263,283)
Derivatives from the redemption right and put option	<u>(22,000)</u>
Liability component as of the issue date (net of transaction cost allocated to the liability component of \$4,493 thousand)	3,729,907
Interest calculated using an effective interest rate of 1.399%	<u>28,649</u>
Liability component as of December 31, 2022	<u>\$ 3,758,556</u>

## 22. OTHER PAYABLES

	<u>December 31</u>	
	2022	2021
Payables for salaries and bonuses	\$ 2,715,706	\$ 2,480,538
Payables for compensation of employees and remuneration of directors	1,672,718	1,526,302
Payables for purchase of equipment	272,711	290,699
Payables for annual leave	164,816	164,499
Others	<u>5,508,706</u>	<u>4,078,502</u>
	<u>\$ 10,334,657</u>	<u>\$ 8,540,540</u>

## 23. PROVISIONS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Warranties (a)	\$ 323,472	\$ 304,751
Sales returns and allowances (b)	<u>122,745</u>	<u>194,614</u>
	<u>\$ 446,217</u>	<u>\$ 499,365</u>
<u>Non-current (classified as other non-current liabilities)</u>		
Warranties (a)	\$ 15,850	\$ 16,341
Decommissioning (c)	<u>32,079</u>	<u>25,150</u>
	<u>\$ 47,929</u>	<u>\$ 41,491</u>

- a. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

- b. The provision of sales returns and allowances was based on historical experience, management's judgments and other known reasons estimated product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the year of the related goods sold.
- c. The provision for decommissioning consists of estimated costs of dismantling and removal of structure and recovery of the site at the end of the lease period.

## 24. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Group's subsidiaries in China, Light Metal Malaysia, Giant Europe Mfg., Giant USA, Giant Japan, Giant Korea, Giant Canada, Giant Polska, Giant UK, Giant Germany, Giant Australia, Giant Europe, Giant France, Giant Italy, Giant Mexico, Giant Benelux, Giant Hungary Mfg. and Giant Vietnam Mfg. have defined contribution plans base on their local law requirements.

### b. Defined benefit plans

The defined benefit plans adopted by the Company and Giant Sales in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and Giant Sales contribute amounts equal to a rate of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<u>December 31</u>	
	2022	2021
Present value of defined benefit obligation	\$ 720,382	\$ 812,510
Fair value of plan assets	<u>(635,241)</u>	<u>(609,812)</u>
Net defined benefit liabilities	<u>\$ 85,141</u>	<u>\$ 202,698</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	\$ 787,422	\$ (618,222)	\$ 169,200
Service cost			
Current service cost	4,203	-	4,203
Past service cost and loss on settlements	-	-	-
Net interest expense (income)	3,924	(3,147)	777
Recognized in profit or loss	8,127	(3,147)	4,980
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,474)	(7,474)
Actuarial loss - changes in demographic assumptions	18,793	-	18,793
Actuarial gain - changes in financial assumptions	(9,132)	-	(9,132)
Actuarial loss - experience adjustments	51,523	-	51,523
Recognized in other comprehensive income	61,184	(7,474)	53,710
Contributions from the employer	-	(25,125)	(25,125)
Benefits paid	(44,156)	44,156	-
Payments from the employer	(67)	-	(67)
Balance at December 31, 2021	\$ 812,510	\$ (609,812)	\$ 202,698
Balance at January 1, 2022	\$ 812,510	\$ (609,812)	\$ 202,698
Service cost			
Current service cost	3,874	-	3,874
Net interest expense (income)	5,078	(3,898)	1,180
Recognized in profit or loss	8,952	(3,898)	5,054
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(47,781)	(47,781)
Actuarial gain - changes in financial assumptions	(31,217)	-	(31,217)
Actuarial gain - experience adjustments	(15,440)	-	(15,440)
Recognized in other comprehensive income	(46,657)	(47,781)	(94,438)
Contributions from the employer	-	(24,586)	(24,586)
Benefits paid	(50,836)	50,836	-
Payments from the employer	(3,587)	-	(3,587)
Balance at December 31, 2022	\$ 720,382	\$ (635,241)	\$ 85,141

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	2021
Discount rates	1.13%-1.38%	0.63%
Expected rates of salary increase	2.50%	2.25%

If possible reasonable changes in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	\$ (14,733)	\$ (17,984)
0.25% decrease	\$ 15,209	\$ 18,593
Expected rates of salary increase		
0.25% increase	\$ 14,784	\$ 17,991
0.25% decrease	\$ (14,391)	\$ (17,496)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	\$ 26,413	\$ 27,630
Average duration of the defined benefit obligation	6-8.4 years	7-9 years

## 25. EQUITY

- a. Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	495,000	495,000
Shares authorized	\$ 4,950,000	\$ 4,950,000
Shares issued and fully paid (in thousands of shares)	392,065	375,065

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On March 25, 2022, the Company's board of directors resolved to issue 17,000 thousand ordinary shares with a par value of \$10, for a consideration of \$162 per share which increased the ordinary shares \$3,920,646 thousand. On May 26, 2022, the abovementioned seasoned equity offering was approved by the FSC, and the board of directors held a meeting and set the subscription base date on November 24, 2022.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Share premium	\$ 4,284,624	\$ 1,624,005
Recognition of equity component of convertible bonds	263,283	-
Employee share options	95,401	95,401
Changes in percentage of ownership interests in subsidiaries	71,570	71,570
Changes in capital surplus from investments in associates accounted for using the equity method	1,245	1,245
Others	<u>180</u>	<u>180</u>
	<u>\$ 4,716,303</u>	<u>\$ 1,792,401</u>

The capital surplus from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's capital surplus and once a year).

The capital surplus from changes in the percentage of ownership interests in subsidiaries may be used to offset a deficit only. Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in the capital surplus of subsidiaries accounted for using the equity method.

The capital surplus from investments accounted for using the equity method, employee share options and recognition of equity component from the issuance of convertible bonds may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 26-c.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 which were approved in the shareholders' meetings on June 23, 2022, and July 8, 2021, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 588,711	\$ 504,913		
Special reserve (reversed)	584,071	(17,083)		
Cash dividends	3,750,646	3,000,517	\$ 10	\$ 8

The appropriation of earnings and dividends per share for 2022 which was proposed by the Company's board of directors on March 10, 2023 was as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 591,943	
Special reserve reversed	(617,295)	
Cash dividends	3,058,104	\$ 7.8

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held on June 21, 2023.

d. Special reserve

The increase in retained earnings that resulted from the first-time adoption of IFRSs was not enough for this appropriation; therefore, the Company appropriated for special reserve an amount of \$677,989 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs. The reversal of special reserve that resulted from disposal of subsidiaries was \$71,523 thousand and \$476 thousand in 2015 and 2013, respectively.

The special reserve appropriated on the first-time adoption of IFRSs relating to land may be reversed on disposal or reclassification. A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed.

26. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 382,846	\$ 203,841
Interest on lease liabilities	16,161	13,263
Interest on bonds	<u>28,649</u>	<u>-</u>
	<u>\$ 427,656</u>	<u>\$ 217,104</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31, 2021</b>
Capitalized interest amount	\$ 1,251
Capitalization rate	0.56%-0.58%

b. Employee benefits expense, depreciation and amortization

	<b>For the Year Ended December 31</b>					
	<b>2022</b>			<b>2021</b>		
	<b>Operating Costs</b>	<b>Operating and Non-operating Expenses</b>	<b>Total</b>	<b>Operating Costs</b>	<b>Operating and Non-operating Expenses</b>	<b>Total</b>
Short-term employee benefits	\$ 6,314,574	\$ 4,143,201	\$10,457,775	\$ 5,969,246	\$ 3,879,830	\$ 9,849,076
Labor insurance, health insurance and social welfare insurance	472,251	341,639	813,890	381,268	261,543	642,811
Post-employment benefits						
Defined contribution plans	396,733	194,165	590,898	339,726	139,865	479,591
Defined benefit plans	2,588	2,466	5,054	2,728	2,252	4,980
Other employee benefits	482,210	385,675	867,885	460,400	340,876	801,276
Depreciation and amortization expenses	904,324	1,239,671	2,143,995	875,155	1,071,260	1,946,415

c. Employees' compensation and remuneration of directors

The shareholders of the Company held their regular meeting in July 2021 and in that meeting, resolved the amendments to the Company's Articles. According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 6%-12% and no higher than 2%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. Before the amendments, the Company accrued employees' compensation and remuneration of directors at rates of 6%-12% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 10, 2023 and March 25, 2022, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Accrual Rate</b>	<b>Amount</b>	<b>Accrual Rate</b>	<b>Amount</b>
Employees' compensation	7.1%	\$ 538,258	7.2%	\$ 558,393
Remuneration of directors	2.0%	152,366	2.0%	155,026

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration to directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

**27. INCOME TAXES**

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 2,761,225	\$ 2,104,376
Income tax on unappropriated earnings	48,184	67,727
Adjustments for prior years	48,941	37,887
Others	41,796	53,653
	<u>2,900,146</u>	<u>2,263,643</u>
Deferred tax		
In respect of the current year	(266,058)	157,308
Effect of tax rate changes	(72,600)	-
	<u>\$ 2,561,488</u>	<u>\$ 2,420,951</u>

A reconciliation of accounting profit and income tax expenses was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax expense calculated at the statutory rate	\$ 2,993,800	\$ 2,824,413
Permanent differences	(599,356)	(869,391)
Temporary differences	367,663	149,386
Loss carryforwards used	(882)	(32)
Income tax on unappropriated earnings	48,184	67,727
Current income tax expense	<u>2,809,409</u>	<u>2,172,103</u>
Deferred income tax expense		
Temporary differences	(266,058)	157,308
Effect of tax rate changes	(72,600)	-
Others	41,796	53,653
Adjustments for prior years' tax	48,941	37,887
	<u>\$ 2,561,488</u>	<u>\$ 2,420,951</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (18,888)	\$ 10,742
Exchange differences on translation of the financial statements of foreign operations	(154,474)	146,082
	<u>\$ (173,362)</u>	<u>\$ 156,824</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2022				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	\$ 655,937	\$ -	\$ (154,474)	\$ -	\$ 501,463
Deferred recognition of bonuses payable	230,580	23,718	-	281	254,579
Deferred government grants	80,413	(2,772)	-	1,290	78,931
Allowance for inventory devaluation	66,021	98,171	-	198	164,390
Unrealized intercompany profit	130,551	142,179	-	-	272,730
Provisions	38,467	7,808	-	93	46,368
Allowance for impairment loss	19,657	92,804	-	183	112,644
Defined benefit obligations	52,855	2,542	(18,888)	-	36,509
Others	459,302	169,758	-	3,322	632,382
	<u>\$ 1,733,783</u>	<u>\$ 534,208</u>	<u>\$ (173,362)</u>	<u>\$ 5,367</u>	<u>\$ 2,099,996</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Unappropriated earnings of subsidiaries	\$ 1,471,618	\$ 181,346	\$ -	\$ 50,010	\$ 1,702,974
Reserve for land revaluation increment tax	98,974	-	-	-	98,974
Defined benefit obligations	34,671	5,164	-	-	39,835
Others	14,799	9,040	-	(321)	23,518
	<u>\$ 1,620,062</u>	<u>\$ 195,550</u>	<u>\$ -</u>	<u>\$ 49,689</u>	<u>\$ 1,865,301</u>

	For the Year Ended December 31, 2021				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	\$ 509,855	\$ -	\$ 146,082	\$ -	\$ 655,937
Deferred recognition of bonuses payable	184,937	46,188	-	(545)	230,580
Deferred government grants	79,871	1,081	-	(539)	80,413
Allowance for inventory devaluation	76,850	(10,935)	-	106	66,021
Unrealized intercompany profit	64,642	65,909	-	-	130,551
Provisions	47,119	(7,306)	-	(1,346)	38,467
Allowance for impairment loss	17,360	2,227	-	70	19,657
Defined benefit obligations	31,728	10,387	10,742	(2)	52,855
Others	382,600	72,398	-	4,304	459,302
	<u>\$ 1,394,962</u>	<u>\$ 179,949</u>	<u>\$ 156,824</u>	<u>\$ 2,048</u>	<u>\$ 1,733,783</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Unappropriated earnings of subsidiaries	\$ 1,113,111	\$ 370,140	\$ -	\$ (11,633)	\$ 1,471,618
Reserve for land revaluation increment tax	98,974	-	-	-	98,974
Defined benefit obligations	30,712	3,959	-	-	34,671
Others	51,641	(36,842)	-	-	14,799
	<u>\$ 1,294,438</u>	<u>\$ 337,257</u>	<u>\$ -</u>	<u>\$ (11,633)</u>	<u>\$ 1,620,062</u>

d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expire in 2023 to 2031	\$ 90,031	\$ 95,742

e. Income tax assessments

The income tax returns of the Company, Giant Sales, Giant Adventure, YouBike and AIPS through 2020 have been assessed by the tax authorities.

f. The income tax rate applicable to the Group's subsidiaries in China is 25%. According to Measures for the Administration of the Recognition of Hi-tech Enterprises, a designated high and new technology enterprise is allowed a 15% income tax rate. The income tax expenses generated from other subsidiaries are calculated based on local tax rates.

## 28. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NTD)
<u>For the year ended December 31, 2022</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 5,843,875	376,834	<u>\$ 15.51</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	3,143	
Convertible bonds	<u>22,919</u>	<u>7,593</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 5,866,794</u>	<u>387,570</u>	<u>\$ 15.14</u>
<u>For the year ended December 31, 2021</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 5,930,074	375,065	<u>\$ 15.81</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	1,991	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 5,930,074</u>	<u>377,056</u>	<u>\$ 15.73</u>

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 29. SHARE-BASED PAYMENT ARRANGEMENT

### Issuance of shares from cash capital increase reserved for employee subscription

On March 25, 2022, the Company's board of directors resolved to issue ordinary shares for cash and reserved 1,700 thousand shares for employee subscription in accordance with the Company Act. For the waiver of subscribed shares by employees or the undersubscribed portion, the chairman was authorized to designate specific parties for the subscription.

On November 4, 2022, Black-Scholes pricing model was used for the issuance of shares from cash capital increase reserved for employee subscription, and the inputs to the model were as follows:

	November 4, 2022
Grant-date share price (NT\$)	207
Exercise price (NT\$)	162
Expected volatility (%)	32.88
Expected life (in years)	0.041
Risk-free interest rate (%)	1.0012

The Company recognized a compensation cost of \$76,619 thousand under the above share-based payment arrangement for the year ended December 31, 2022.

## 30. GOVERNMENT GRANTS

As of December 31, 2022, the Group received a preferential interest rate loan of \$1,799,000 thousand from the government's "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan". The amount was used in capital expenditure and operating turnover. The loan was expected to be repaid in installments between 2022 and 2027. Using the prevailing market interest rate at an equivalent loan rate of 1.35%-1.6%, the fair value of the loan was estimated at \$1,627,734 thousand on initial recognition. The difference of \$171,266 thousand between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan and has been recognized as deferred revenue. The revenue was transferred to other revenue over the period of the term.

If the Group fails to meet the key points in the agreement during the loan period and the National Development Fund terminates the grant, the Group shall pay the original interest rate plus the annual interest rate.

## 31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Group reviews the capital structure on a quarterly basis. As part of this review, the key management personnel considers the cost of capital and the risks associated with each class. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

**32. FINANCIAL INSTRUMENTS**

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Wealth management products	\$ -	\$ 441,130	\$ -	\$ 441,130
Financial assets at FVTOCI				
Domestic listed company	\$ 1,468	\$ -	\$ -	\$ 1,468
Foreign unlisted company	-	-	37,496	37,496
	<u>\$ 1,468</u>	<u>\$ -</u>	<u>\$ 37,496</u>	<u>\$ 38,964</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 5,858	\$ -	\$ 5,858
Redemption right and put option of domestic convertible bonds	-	27,200	-	27,200
	<u>\$ -</u>	<u>\$ 33,058</u>	<u>\$ -</u>	<u>\$ 33,058</u>
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Wealth management products	\$ -	\$ 2,170,950	\$ -	\$ 2,170,950
Foreign exchange forward contracts	-	1,417	-	1,417
	<u>\$ -</u>	<u>\$ 2,172,367</u>	<u>\$ -</u>	<u>\$ 2,172,367</u>
Financial assets at FVTOCI				
Domestic listed company	\$ 2,071	\$ -	\$ -	\$ 2,071
Foreign unlisted company	-	-	36,906	36,906
	<u>\$ 2,071</u>	<u>\$ -</u>	<u>\$ 36,906</u>	<u>\$ 38,977</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial assets

Equity investments classified as financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance, beginning of year	\$ 36,906	\$ -
Additions	-	36,906
Effects of changes in foreign exchange rates	590	-
Balance, end of year	<u>\$ 37,496</u>	<u>\$ 36,906</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Wealth management products	Discounted cash flows. Future cash flows are estimated based on contract forward rates, discounted at a rate that reflects the credit risk.
Derivative financial instruments - Foreign exchange forward contracts	Discounted cash flows. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative financial instrument - Redemption right and put option of convertible bonds	Binomial tree pricing model of convertible bonds. Pricing is based on the volatility of conversion price, risk-free interest rate, risk discount rate and number of years to maturity.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial assets at fair value through other comprehensive income of foreign unlisted of investments in equity instruments is evaluated as level 3. The fair value is calculated by reference to the net book value of the company based on its financial information, comparing the average net price of listed companies or firms in the same industry to the estimated price, and calculating the present value of profit and loss that is expected to be derived from holding of such investment.

b. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 441,130	\$ 2,172,367
Financial assets at amortized cost (1)	31,407,692	23,855,690
Financial assets at FVTOCI	38,964	38,977
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	33,058	-
Financial liabilities at amortized cost (2)	44,548,198	36,069,701



- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables and long-term receivables.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term bank loans, notes payables, accounts payable, other payables, bonds payable and long-term bank loans (including the current portion).

c. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, accounts receivable, accounts payable, bonds payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risk arising on the export. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and subsidiaries have foreign currency denominated sales and purchases, which exposes the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 37.

Sensitivity analysis

The Group is mainly exposed to the USD, EUR, JPY and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit with the relevant currency strengthen 1% against New Taiwan dollars. For a 1% weakening of the relevant

currency against New Taiwan dollars, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>Currency Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
USD	\$ 135,755	\$ 148,839
EUR	15,170	66,941
JPY	2,087	1,472
RMB	4,305	411

This was mainly attributable to the exposure on outstanding receivables, payables in USD, EUR, JPY and RMB that were not hedged at the end of the year.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 3,611,968	\$ 4,952,860
Financial liabilities	25,461,945	19,125,324
Cash flow interest rate risk		
Financial assets	11,500,856	7,322,587
Financial liabilities	5,588,744	5,113,149

Sensitivity analysis

The sensitivity analysis was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$13,972 thousand and \$12,783 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group's concentration of credit risk of 39% and 38% of total accounts receivable as of December 31, 2022 and 2021, respectively, was attributable to the Group's the two largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized bank loan facilities of \$45,758,665 thousand and \$37,302,181 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

	Less Than 1 Year	1-2 Years	Over 2 Years
<u>December 31, 2022</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 21,508,034	\$ -	\$ -
Payables	9,688,893	-	-
Lease liabilities	568,703	288,693	1,057,910
Other payables	5,598,767	-	-
Bonds payable	-	-	3,758,556
Long-term bank loans	<u>1,604,240</u>	<u>-</u>	<u>2,389,708</u>
	<u>\$ 38,968,637</u>	<u>\$ 288,693</u>	<u>\$ 7,206,174</u>
<u>December 31, 2021</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 19,696,646	\$ -	\$ -
Payables	9,031,754	-	-
Lease liabilities	455,918	214,654	758,466
Other payables	4,178,065	-	-
Long-term bank loans	<u>-</u>	<u>1,251,640</u>	<u>1,911,596</u>
	<u>\$ 33,362,383</u>	<u>\$ 1,466,294</u>	<u>\$ 2,670,062</u>

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed in the other notes, details of transactions between the Group and other related parties were disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
Microprogram	Associate
Microprogram Information (Kunshan) Co., Ltd.	Associate
Meiki Giant	Associate
Cycling Life-style Foundation	Other
Cycling Lifestyle Foundation (Japan)	Other
Jiangsu Giant Cycling Life-style Foundation	Other
Shanghai RealMan Energy Technology Co., Ltd.	Other
Appa (Kunshan) Co., Ltd.	Other

b. Sales revenue

Line Item	Related Party Category	December 31	
		2022	2021
Sales	Others	\$ 9,536	\$ 4,458
	Associates	<u>2,937</u>	<u>215</u>
		<u>\$ 12,473</u>	<u>\$ 4,673</u>

The products sold to related parties are own branding and manufacturing (OBM) products. The Group decided the price and gross profit ratio by type of products sold. The OBM pricing strategy also differed from that for original equipment manufacturing products.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2022	2021
Associates	\$ 144,340	\$ 166,050
Others	<u>775</u>	<u>468</u>
	<u>\$ 145,115</u>	<u>\$ 166,518</u>

The prices of the purchases from related parties are based on specific diversity of products and related market trends.

d. Operating costs

Related Party Category	For the Year Ended December 31	
	2022	2021
Associates	\$ 117,995	\$ 111,374

e. Operating expense

Related Party Category	For the Year Ended December 31	
	2022	2021
Others	\$ 17,342	\$ 23,838

f. Receivables from related parties

Line Item	Related Party Category	December 31	
		2022	2021
Accounts Receivable	Others	\$ 1,881	\$ 69
Other Receivables	Associates	\$ 2,504	\$ 2,380

g. Prepayments for equipment

Related Party Category	December 31	
	2022	2021
Others	\$ -	\$ 1,636

h. Payables to related parties

Line Item	Related Party Category	December 31	
		2022	2021
Accounts payable	Associates	\$ 48,632	\$ 42,107
Other payables	Associates	\$ 44,638	\$ 52,666
	Others	661	35
		\$ 45,299	\$ 52,701

i. Acquisition of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31, 2022	
	Others	\$ 1,968

j. Remuneration of key management personnel

Total remuneration of directors and key executives was as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 493,940	\$ 337,773
Post-employment benefits	945	945
	\$ 494,885	\$ 338,718

The remuneration of directors and key executives, as determined by the remuneration committee was based on the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

a. The following assets were provided as collateral for short-term bank loans:

	December 31	
	2022	2021
Notes and accounts receivable	\$ 1,328,642	\$ 520,865

b. The following assets were provided as collaterals for tourism and leased national land:

	December 31	
	2022	2021
Pledged bank deposits (classified as financial assets at amortized cost)	\$ 2,408	\$ 2,392

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Group at December 31, 2022 were as follows:

a. The Group had a commitment to acquire property, plant and equipment for \$720,250 thousand.

b. Product liability

The contract period of the existing product liability insurance policy (the “policy”) of the Group is from August 1, 2022 to August 1, 2023. The policy covers all products manufactured by the Group that are sold all over the world. The maximum indemnity for claims arising from one originating cause is US\$10,000 thousand.

c. The Group signed several contracts to provide public bicycle rental service with the Department of Transportation under the Taipei City Government, the Department of Transportation under the New Taipei City Government, the Department of Transportation under the Taichung City Government, the Department of Transportation under the Taoyuan City Government, the Hsinchu City Government, the Hsinchu Science Park Bureau under the Ministry of Science and Technology, the Miaoli County Government, the Department of Transportation under Kaohsiung City Government, the Department of Transportation under Chiayi City Government, the Hsinchu County Government, the Pingtung County Government and the Department of Transportation under Tainan City Government. The contract duration is from November 8, 2017 to February 28, 2031.

d. Since contracts were signed to provide public bicycle rental services, the Group has to provide a deposit of \$320,458 thousand to the Dajia Branch of Chang Hwa Bank in order for Chang Hwa Bank to provide a guarantee. The validity period ends on March 31, 2030.

e. The Group entered into concession arrangements with the Putian City Garden Administration Bureau authorized by the People’s Government of Putian City, Fujian Province, and Anxi County Small Town Construction Investment Co., Ltd. was authorized by the People’s Government of Anxi County, Fujian Province. The contract duration is from June 1, 2018 to June 14, 2025.

### 36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 20, 2023, the board of directors of the Company resolved to invest in Stages Cycling, Inc. through its 100% owned subsidiary Gaiwin and sub-subsidiary Gaiwin US to expand the Group's business in the field of indoor cycling for building a cycling ecosystem in the future. The Group acquired a 32.5% ownership interest in Stages Cycling, Inc. for a consideration of US\$6,500 thousand, and the Group also acquired the convertible bonds of Stages Cycling, Inc. for a consideration of US\$13,500 thousand.

### 37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2022			December 31, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<b>Financial assets</b>						
<b>Monetary items</b>						
USD	\$ 576,795	30.708	\$ 17,712,221	\$ 677,382	27.690	\$ 18,756,708
EUR	99,016	32.731	3,240,893	226,638	31.291	7,091,730
JPY	3,028,202	0.2326	704,360	1,508,699	0.2402	362,389
RMB	162,917	4.4113	718,676	117,326	4.3419	509,414
<b>Financial liabilities</b>						
<b>Monetary items</b>						
USD	134,711	30.708	4,136,705	139,865	27.690	3,872,862
EUR	52,669	32.731	1,723,909	12,708	31.291	397,646
JPY	2,131,143	0.2326	495,704	895,994	0.2402	215,218
RMB	65,326	4.4113	288,173	107,868	4.3419	468,349

The Group is mainly exposed to USD, EUR, JPY and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Year Ended December 31			
	2022	Net Foreign Exchange Gains (Losses)	2021	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 661,156	1 (NTD:NTD)	\$ (174,597)
RMB	4.4191 (RMB:NTD)	123,239	4.3281 (RMB:NTD)	(34,825)
EUR	31.324 (EUR:NTD)	(72,955)	33.041 (EUR:NTD)	(123,873)
USD	29.807 (USD:NTD)	422	28.024 (USD:NTD)	66
JPY	0.2272 (JPY:NTD)	(904)	0.2545 (JPY:NTD)	(543)
		<u>\$ 710,958</u>		<u>\$ (333,772)</u>

### 38. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
  - 1) Financing provided to others. (Table 1)
  - 2) Endorsements/guarantees provided. (Table 2)
  - 3) Marketable securities held (excluding investment in subsidiaries and associates). (Table 3)
  - 4) Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital. (None)
  - 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital. (None)
  - 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital. (None)
  - 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 4)
  - 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 5)
  - 9) Trading in derivative instruments. (Note 7)
  - 10) Intercompany relationships and significant intercompany transactions. (Table 6)
  - 11) Information on investees. (Table 7)
- b. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, the ending balance of carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 9)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 9)
    - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (None)

### 39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were bicycle, materials and others.

a. Segment revenues and results

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Bicycle	\$ 83,708,864	\$ 73,658,016	\$ 7,129,978	\$ 7,809,863
Materials	6,344,896	6,102,184	856,467	1,089,355
Others	1,989,915	2,079,670	(72,006)	(189,931)
Total for continuing operations	<u>\$ 92,043,675</u>	<u>\$ 81,839,870</u>	7,914,439	8,709,287
Finance costs			(427,656)	(217,104)
Share of profit (loss) of associates accounted for using the equity method			5,802	(6,942)
Interest income			326,861	285,600
Other gains and losses			213,945	267,335
Valuation gain (loss) on financial assets and liabilities at FVTPL			(12,474)	7,342
Gain (loss) on disposal of property, plant and equipment, net			13,243	(19,291)
Foreign exchange gain (loss), net			<u>703,859</u>	<u>(297,767)</u>
Profit before tax (continuing operations)			<u>\$ 8,738,019</u>	<u>\$ 8,728,460</u>

Segment profit represents the profit before tax earned by each segment without finance costs, share of profit (loss) of associates accounted for using the equity method, interest income, other gains and losses, valuation gain (loss) on financial assets and liabilities at fair value through profit or loss, gain (loss) on disposal of property, plant and equipment, net, foreign exchange gains (loss), net and income tax expense. This was the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

The Group had not reported segment assets and liabilities information to operating decision marker, thus disclosure is not necessary.

c. Geographical information

The Group operates in three principal geographical areas - Asia, Europe and America.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Asia	\$ 52,127,723	\$ 45,717,300	\$ 14,507,271	\$ 14,431,682
Europe	29,261,158	24,108,978	2,988,935	2,524,918
America	8,235,520	9,444,695	684,710	407,959
Others	<u>2,419,274</u>	<u>2,568,897</u>	<u>36,953</u>	<u>32,605</u>
	<u>\$ 92,043,675</u>	<u>\$ 81,839,870</u>	<u>\$ 18,217,869</u>	<u>\$ 17,397,164</u>

Non-current assets exclude deferred tax assets and the cash deductible value of annuity insurance.

d. Information about major customers

Details of sales revenue accounted for at least 10% of sales account in the consolidated statement of comprehensive income are as follows:

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Customer T	\$ 16,991,606	18	\$ 14,366,125	18
Customer S	15,293,214	17	8,367,707	10

TABLE 1

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**  
FINANCING PROVIDED TO RELATED ENTITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Notes 6 and 7)	Ending Balance (Note 6)	Actual Borrowing Amount (Notes 7 and 8)	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	Giant	Giant Vietnam Mfg. AIPS	Loans receivable - related parties Loans receivable - related parties	Yes Yes	\$ 614,160 (USD 20,000)	\$ 614,160 (USD 20,000)	\$ -	-	2	-	Operating Capital	-	-	\$ 3,335,579 (Note 3)	\$ 13,342,317 (Note 3)	
1	Giant China	Giant Kunshan Quanzhou YouBike	Loans receivable - related parties Loans receivable - related parties	Yes Yes	220,565 (RMB 30,000)	22,057 (RMB 3,000)	-	-	2	-	Operating Capital	-	-	\$ 2,029,198 (Note 3)	\$ 2,029,198 (Note 3)	
2	Giant Electric Vehicle	Jiangsu Giant Adventure Giant Kunshan	Loans receivable - related parties Loans receivable - related parties	Yes Yes	352,904 (RMB 45,000)	8,823 (RMB 2,000)	-	-	2	-	Operating Capital	-	-	\$ 2,029,198 (Note 3)	\$ 2,029,198 (Note 3)	
3	Giant Jiangsu	Quanzhou YouBike	Loans receivable - related parties	Yes	533,767 (RMB 121,000)	198,509 (RMB 45,000)	-	-	2	-	Operating Capital	-	-	\$ 1,323,390 (Note 3)	\$ 1,323,390 (Note 3)	
4	YouBike	Giant Kunshan	Loans receivable - related parties	Yes	105,871 (RMB 24,000)	-	-	-	2	-	Operating Capital	-	-	\$ 1,323,390 (Note 3)	\$ 1,323,390 (Note 3)	
5	D. Mag	Giant	Loans receivable - related parties	Yes	220,565 (RMB 100,000)	-	-	-	2	-	Operating Capital	-	-	\$ 1,074,780 (Note 3)	\$ 1,074,780 (Note 3)	
6	Gaiwin	Light Metal Malaysia Giant Hungary Mfg.	Loans receivable - related parties Loans receivable - related parties	Yes Yes	6,617 (RMB 1,500)	6,617 (RMB 1,500)	6,617 (RMB 1,500)	3.35%	2	-	Operating Capital	-	-	\$ 88,689 (Note 3)	\$ 354,755 (Note 3)	
					981,930 (EUR 30,000)	981,930 (EUR 30,000)	818,275 (EUR 25,000)	0.65%	2	-	Operating Capital	-	-	\$ 1,074,780 (Note 3)	\$ 1,074,780 (Note 3)	

- Note 1: 1) Giant is numbered 0.  
2) Subsidiaries are numbered starting from 1.
- Note 2: The financing limit for each borrower is up to 10% of the net asset value of Giant.
- Note 3: 1) Giant China, Giant Electric Vehicle and Giant Holding: Up to RMB 0.46 billion, RMB 0.3 billion and RMB 0.25 billion, respectively, for the financing limit for each borrower and the aggregate financing limit.  
2) YouBike: Up to 10% and 60% of the net asset value in the most recent financial statements and the financing limit for each borrower and the aggregate financing limit, respectively.  
3) The other subsidiaries: Up to US\$35,000 thousand for the financing limit for each borrower and the aggregate financing limit.
- Note 4: The nature of financing provided could be  
1) business relationship,  
2) short-term financial assistance.
- Note 5: The aggregate financing limit is up to 40% of the net asset value of Giant.
- Note 6: The ending balance amount has been approved by the board of directors.
- Note 7: The ending balance and actual borrowing amount used are recorded using prevailing exchange rate at balance sheet date.
- Note 8: Significant intercompany accounts and transactions have been eliminated.

TABLE 2

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**  
ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes 4 and 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 5 and 6)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given On Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Giant	Giant Hungary Mfg.	2	\$ 8,338,948 (EUR 61,000)	\$ 1,996,591 (EUR 61,000)	\$ 1,996,591 (EUR 61,000)	\$ 1,815,367 (EUR 55,463)	\$ -	5.99%	\$ 16,677,896	Y	N	N
1	Giant Sales	Giant Vietnam Mfg.	2	8,338,948 (USD 20,000)	614,160 (USD 20,000)	614,160 (USD 20,000)	-	-	1.84%	16,677,896	Y	N	N
2	Giant China	YouBike Giant Holding	4 4	1,500,000 (RMB 1,074,780)	714,125 (RMB 1,056)	221,625 (RMB 1,056)	221,625 (RMB 1,056)	-	38%	1,500,000 (RMB 1,074,780)	N	N	N
							4,658 (RMB 1,056)	4,658 (RMB 1,056)	0.15%		N	N	Y

- Note 1: 1) Giant is numbered 0.  
2) Subsidiaries are numbered starting from 1.
- Note 2: The relationship between endorser/guarantor and the endorsee/guaranteee can be classified into the following seven categories:  
1) A company with a business relationship.  
2) A company in which Giant directly and indirectly holds more than 50% of the voting shares.  
3) A company that directly and indirectly holds more than 50% of the voting shares in Giant.  
4) Companies in which Giant directly or indirectly holds 90% or more of the voting shares.  
5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for the purpose of undertaking a construction project.  
6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.  
7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction houses pursuant to the Consumer Protection Act.
- Note 3: Up to 25% of the net asset value of Giant, up to \$1,500,000 thousand of Giant sales, and up to USD\$5,000 thousand of other subsidiaries.
- Note 4: Up to 50% (excluding 50% of the net asset value of Giant, up to \$1,500,000 thousand of Giant sales, and up to USD\$5,000 thousand of other subsidiaries).
- Note 5: The ending balance amount has been approved by the board of directors.
- Note 6: The ending balance and actual amount used are recorded using prevailing exchange rate at balance sheet date.

TABLE 3

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			
				Shares	Carrying Value	Percentage of Ownership	Fair Value
Giant	Domestic listed company KMC (Kuei Meng) International Inc.	-	Financial assets at FVTOCI - non-current	10,484	\$ 1,468	-	\$ 1,468
D. Mag	Foreign unlisted company Chongqing Guochuang Light Alloy Research Institute Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	37,496	-	37,496

TABLE 4

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Purchase or Sale	Transaction Details		Abnormal Transaction		Notes and Accounts Receivable (Payable)		Note
				Amount (Note)	% to Total	Unit Price	Collection Terms	Ending Balance (Note)	% to Total	
Giant	Giant Sales	Investee of Giant	Sales	\$ (609,735)	(2)	T/T 15 days	-	\$	59,019	1
	YouBike	Investee of Giant	Sales	(389,003)	(1)	T/T 30 days	-	-	60,117	1
	Giant China	Investee of Growood	Sales	(576,823)	(1)	T/T 90 days	-	-	124,578	1
	Giant Kunshan	Investee of Giant Holding	Sales	(761,878)	(2)	T/T 90 days	-	-	256,292	2
	Giant Tianjin	Investee of Growood	Sales	(262,586)	(1)	T/T 90 days	-	-	62,726	1
	Giant Electric Vehicle	Investee of Growood	Sales	(1,071,907)	(3)	T/T 90 days	-	-	216,888	2
	Giant Japan	Investee of Gaiwin	Sales	(161,025)	-	T/T 15 days	-	-	5,130	-
	Giant Korea	Investee of Gaiwin	Sales	(323,974)	(1)	T/T 15 days	-	-	41,941	-
	Giant Australia	Investee of Gaiwin	Sales	(1,167,285)	(3)	T/T 30 days	-	-	47,369	-
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(4,656,415)	(12)	T/T 90 days	-	-	2,563,473	24
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(449,008)	(1)	T/T 120 days	-	-	215,263	2
	Giant Europe	Investee of Gaiwin	Sales	(7,702,231)	(19)	T/T 60 days	-	-	1,367,385	13
	Giant Benelux	Investee of Giant Europe	Sales	(112,243)	-	T/T 60 days	-	-	7,181	-
	Giant Germany	Investee of Giant Europe	Sales	(516,419)	(1)	T/T 60 days	-	-	78,046	1
	Giant UK	Investee of Giant Europe	Sales	(1,129,289)	(3)	T/T 60 days	-	-	241,936	2
	Giant Polska	Investee of Giant Europe	Sales	(229,680)	(1)	T/T 60 days	-	-	45,041	-
	Giant USA	Investee of Gaiwin	Sales	(3,242,896)	(8)	T/T 90 days	-	-	1,282,355	12
	Giant Canada	Investee of Gaiwin	Sales	(637,858)	(2)	T/T 90 days	-	-	155,700	1
	Giant Mexico	Investee of Gaiwin	Sales	(176,711)	-	T/T 120 days	-	-	130,982	1
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(336,072)	(3)	T/T 90 days	-	-	139,584	6
	Giant Europe	Investee of Gaiwin	Sales	(738,496)	(6)	T/T 60 days	-	-	67,129	3
	Giant UK	Investee of Giant Europe	Sales	(336,270)	(3)	T/T 90 days	-	-	50,888	2
	Giant	Parent company	Sales	(888,544)	(8)	T/T 90 days	-	-	197,642	14
	Giant Sales	Investee of Giant	Sales	(231,594)	(2)	T/T 60 days	-	-	40,013	3
	Giant China	Investee of Growood	Sales	(292,776)	(3)	T/T 90 days	-	-	64,106	5
	Giant Tianjin	Investee of Growood	Sales	(602,631)	(6)	T/T 90 days	-	-	206,002	15
	Giant Chengdu	Investee of Merdeka	Sales	(171,560)	(2)	T/T 90 days	-	-	42,978	3
Giant Japan	Investee of Gaiwin	Sales	(719,842)	(7)	T/T 30 days	-	-	40,518	3	
Giant Korea	Investee of Gaiwin	Sales	(240,942)	(2)	T/T 60 days	-	-	13,138	1	
Giant Australia	Investee of Gaiwin	Sales	(477,194)	(5)	T/T 30 days	-	-	56,813	4	
Giant Europe Mfg.	Investee of Giant Europe	Sales	(223,655)	(2)	T/T 90 days	-	-	106,785	8	
Giant Hungary Mfg.	Investee of Giant Europe	Sales	(117,872)	(1)	T/T 120 days	-	-	42,703	3	
Giant USA	Investee of Gaiwin	Sales	(1,047,008)	(10)	T/T 90 days	-	-	209,250	15	
Giant Canada	Investee of Gaiwin	Sales	(491,955)	(5)	T/T 90 days	-	-	141,951	10	
Giant Mexico	Investee of Gaiwin	Sales	(113,383)	(1)	T/T 180 days	-	-	34,216	2	
Giant	Parent company	Sales	(128,153)	(2)	T/T 90 days	-	-	4,504	1	
Giant Kunshan	Investee of Giant Holding	Sales	(583,070)	(9)	T/T 90 days	-	-	211,050	37	
Giant Chengdu	Investee of Merdeka	Sales	(684,595)	(11)	T/T 90 days	-	-	197,371	34	

(Continued)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Transaction Details		Abnormal Transaction		Notes and Accounts Receivable (Payable) Ending Balance (Note)	% to Total	Note	
			Purchase or Sale	Amount (Note)	% to Total	Collection Terms				Unit Price
Giant Electric Vehicle	Giant China	Parent company	Sales	(3,495,933)	(32)		\$	577,905	30	
	Giant Australia	Investee of Gaiwin	Sales	(567,924)	(5)	T/T 60 days		127,674	7	
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(781,035)	(7)	T/T 60 days		285,939	15	
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(420,057)	(4)	T/T 60 days		120,114	6	
	Giant Europe	Investee of Gaiwin	Sales	(895,674)	(8)	T/T 60 days		217,641	11	
	D. Mag	Giant Benelux	Investee of Giant Europe	Sales	(296,278)	(3)	T/T 60 days			-
		Giant USA	Investee of Gaiwin	Sales	(643,860)	(6)	T/T 60 days		60,464	3
		Giant Canada	Investee of Gaiwin	Sales	(383,248)	(4)	T/T 60 days		102,834	5
		Giant	Parent company	Sales	(467,975)	(6)	T/T 60 days		61,021	4
		Giant China	Investee of Growood	Sales	(250,873)	(3)	T/T 30 days		50,357	3
		Giant Kunshan	Investee of Giant Holding	Sales	(725,341)	(9)	T/T 30 days		136,883	8
		Giant Tianjin	Investee of Growood	Sales	(331,034)	(4)	T/T 30 days		87,125	5
		Light Metal Haian	Investee of D. Mag	Sales	(391,529)	(5)	T/T 120 days		213,645	12
		Giant Europe Mfg.	Investee of D. Mag	Sales	(267,397)	(3)	T/T 30 days		56,959	3
Giant Europe		Investee of Dazins	Sales	(138,171)	(34)	T/T 120 days		30,020	29	
Giant Europe		Investee of Gaiwin	Sales	(2,488,242)	(18)	T/T 30 days		153,300	10	
Giant Benelux		Investee of Giant Europe	Sales	(1,142,264)	(8)	T/T 30 days		39,176	2	
Giant Germany		Investee of Giant Europe	Sales	(566,243)	(4)	T/T 30 days		45,518	3	
Giant Poland		Investee of Giant Europe	Sales	(173,600)	(1)	T/T 30 days		3,764	-	
Giant Hungary Mfg.	Giant Europe	Investee of Giant Europe	Sales	(134,123)	(3)	T/T 30 days		58	-	
	Giant Benelux	Investee of Gaiwin	Sales	(471,806)	(12)	T/T 30 days		41,793	10	
	Giant Germany	Investee of Giant Europe	Sales	(566,099)	(15)	T/T 30 days		30,192	8	
	Giant Poland	Investee of Giant Europe	Sales	(294,007)	(8)	T/T 30 days		17,230	4	
	Giant Poland	Investee of Giant Europe	Sales	(160,677)	(4)	T/T 30 days			-	
	Giant Benelux	Investee of Giant Europe	Sales	(1,127,623)	(11)	T/T 30 days		474,440	18	
	Giant France	Investee of Giant Europe	Sales	(3,661,806)	(35)	T/T 30 days		765,209	29	
	Giant Germany	Investee of Giant Europe	Sales	(3,357,721)	(32)	T/T 30 days		879,944	34	
	Giant Italy	Investee of Giant Europe	Sales	(913,983)	(9)	T/T 30 days		332,162	13	
	Giant Europe	Investee of Gaiwin	Sales	(275,400)	(6)	T/T 30 days			-	
	Giant Europe	Investee of Gaiwin	Sales	(205,373)	(4)	T/T 30 days			-	

Note: Significant intercompany accounts and transactions have been eliminated.

(Continued)

TABLE 5

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES  
 RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Financial Statement Account & Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Giant	Giant China	Investee of Growood	Accounts receivable - related parties	6	\$	-	\$	124,578
	Giant Kunshan	Investee of Giant Holding	Other receivables - related parties	-	-	-	4,279	4,278
	Giant Electric Vehicle	Investee of Growood	Accounts receivable - related parties	4	-	-	158,728	158,728
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	6	-	-	29,831	132,681
			Other receivables - related parties	2	-	-	22,740	278,472
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	2	-	-	93	
			Other receivables - related parties	2	-	-	130,803	
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	8	-	-	804	
			Other receivables - related parties	8	-	-	425,623	
	Giant UK	Investee of Giant Europe	Accounts receivable - related parties	3	-	-		
			Other receivables - related parties	3	-	-		
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties	3	-	-		
			Other receivables - related parties	3	-	-	652,723	
	Giant Canada	Investee of Gaiwin	Accounts receivable - related parties	6	-	-	2,149	
			Other receivables - related parties	6	-	-		
	Giant Mexico	Investee of Gaiwin	Accounts receivable - related parties	2	-	-		
			Other receivables - related parties	2	42,945		6,987	
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	1	-	-		
			Other receivables - related parties	1	-	-		
	Giant	Parent company	Accounts receivable - related parties	4	-	-		
			Other receivables - related parties	4	-	-	52,538	
	Giant Tianjin	Investee of Growood	Accounts receivable - related parties	3	-	-		
			Other receivables - related parties	3	-	-		
Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	2	-	-			
		Other receivables - related parties	2	-	-			
Giant USA	Investee of Gaiwin	Accounts receivable - related parties	3	-	-			
		Other receivables - related parties	3	-	-			
Giant Canada	Investee of Gaiwin	Accounts receivable - related parties	4	-	-			
		Other receivables - related parties	4	-	-			
Giant Kunshan	Investee of Giant Holding	Accounts receivable - related parties	4	-	-			
		Other receivables - related parties	4	-	-	104		
Giant Chengdu	Parent company	Accounts receivable - related parties	5	-	-			
		Other receivables - related parties	5	-	-			
Giant Australia	Investee of Gaiwin	Accounts receivable - related parties	6	-	-			
		Other receivables - related parties	6	-	-			
Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	3	-	-			
		Other receivables - related parties	3	-	-			
Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	3	-	-			
		Other receivables - related parties	3	-	-			
Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	5	-	-			
		Other receivables - related parties	5	-	-			
Giant Canada	Investee of Gaiwin	Accounts receivable - related parties	5	-	-			
		Other receivables - related parties	5	-	-			

(Continued)



Company Name	Related Party	Relationship	Financial Statement Account & Ending Balance (Note)		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Account	Amount		Amount	Action Taken		
Giant Europe	Giant Benelux	Investee of Giant Europe	Accounts receivable - related parties	\$ 474,440	3	\$ -	-	\$ 474,440	-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties	765,209	7	-	-	765,209	-
	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties	879,944	6	-	-	879,944	-
	Giant Italy	Investee of Giant Europe	Accounts receivable - related parties	332,162	4	-	-	332,162	-
Giant Europe Mfg.	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	153,300	25	-	-	-	-
			Other receivables - related parties	727	-	-	-	-	-
Gaiwin	Giant Hungary Mfg.	Investee of Giant Europe	Loans receivable - related parties	838,275	-	-	-	-	-
	Giant Kunshan	Investee of Giant Holding	Accounts receivable - related parties	136,883	4	-	-	-	1,901
	Light Metal Hai'an	Investee of D. Mag	Accounts receivable - related parties	213,645	3	-	-	-	-
			Other receivables - related parties	3,783	-	-	-	-	-

(Concluded)

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 6

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Financial Statement Account	Transaction Details		
					Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	Giant	Giant Electric Vehicle Giant Australia Giant Europe Mfg.	1 1 1	Sales	\$ (1,071,907)	T/T 90 days	1
			1	Sales	(1,167,285)	T/T 30 days	1
			1	Sales	(4,656,415)	T/T 90 days	5
			1	Accounts receivable - related parties	2,563,473	T/T 90 days	3
			1	Accounts receivable - related parties	(7,702,231)	T/T 60 days	8
			1	Accounts receivable - related parties	1,367,385	T/T 60 days	1
			1	Sales	(3,242,896)	T/T 90 days	4
			1	Accounts receivable - related parties	1,282,355	T/T 90 days	1
			1	Sales	(1,129,289)	T/T 60 days	1
			2	Sales	(3,495,933)	T/T 60 days	4
1	Giant Electric Vehicle	Giant UK Giant	2 2	Accounts receivable - related parties	577,905	T/T 60 days	1
2	Giant Kunshan	Giant USA	3	Sales	(1,047,008)	T/T 90 days	1
3	Giant Europe Mfg.	Giant Europe Giant Benelux	3 3	Sales	(2,488,242)	T/T 30 days	3
			3	Sales	(1,142,264)	T/T 30 days	1
4	Giant Europe	Giant Benelux Giant France	3 3	Sales	(1,127,623)	T/T 30 days	1
			3	Accounts receivable - related parties	474,440	T/T 30 days	1
			3	Sales	(3,661,806)	T/T 30 days	4
			3	Accounts receivable - related parties	765,209	T/T 30 days	1
			3	Sales	(3,357,721)	T/T 30 days	4
			3	Accounts receivable - related parties	879,944	T/T 30 days	1
5	Gaiwin	Giant Italy Giant Hungary Mfg.	3 3	Sales	(913,983)	T/T 30 days	1
			3	Loans receivable - related parties	818,275	-	1

Note 1: Relationship of counterparty:

- (1) parent company to subsidiary;
- (2) subsidiary to parent company;
- (3) subsidiary to subsidiary.

Note 2: Significant intercompany accounts and transactions have been eliminated.

**TABLE 7**

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

INFORMATION ON INVESTEEES FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022	Percentage of Ownership	Carrying Value	Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021						
Giant	Growood Gaiwin Darzins Merdeka Giant Sales YouBike AIPS Giant Vietnam Mfg. Giant Mexico Microprogram Giant Adventure	Singapore Lelystad, Netherlands British Virgin Islands British Virgin Islands Taichung Taichung Taichung Binh Duong Province, Vietnam Mexico, Mexico Taichung Taichung	Overseas reinvested holding company Overseas reinvested holding company Overseas reinvested holding company Sale of bicycles and related products and bicycle rental Public bicycle rental Manufacture and sale of sporting goods Manufacture and sale of bicycles Sale of bicycles and related products Hardware and Software research of computer and sale of related products Undertake domestic and international tourism trade business Overseas reinvested holding company and sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Manufacture and sale of bicycles Sales business International trade Sale of medium and high-end aluminum wheel hub products	USD 18,063 USD 7,243 USD 14,889 USD 6,000 USD 140,000 800,000 500,000 USD 20,000 MXN 244,352 10,000	USD 18,063 USD 7,243 USD 14,889 USD 6,000 USD 140,000 800,000 500,000 USD 20,000 MXN 244,352 10,000	26,619,300 302,661 14,888,928 6,000,003 14,000,000 84,800,000 50,000,000 -	100 100 100 100 100 100 100 100 27 100	\$ 5,733,371 11,350,373 3,718,217 229,723 533,112 879,946 387,104 587,426 90,834 56,391	\$ 1,939,675 1,640,160 446,454 49,317 285,605 (12,584) (118,866) (25,950) 1,544 (Note 1) (Note 1)	Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Indirectly owned subsidiary Investments accounted for using the equity method Indirectly owned subsidiary Indirectly owned subsidiary	
Giant Europe	Giant USA Giant Japan Giant Australia Giant Canada Giant Korea Giant Mexico Gaiwin US Giant Germany Giant France Giant UK Giant Europe Mfg. Giant Polska Giant Bechex Giant Italy Giant Hungary Mfg. GDC Golden Rich Light Metal Malaysia	Lelystad, Netherlands California, USA Kawasaki, Japan Victoria, Australia Vancouver, Canada Seoul, South Korea Mexico, Mexico Delaware, USA Eckraht, Germany Aix en Provence, France Lelystad, United Kingdom Lelystad, Netherlands Warsaw, Poland Lelystad, Netherlands Gallarate, Italy Gyongos, Hungary Lelystad, United Kingdom Hong Kong Malaysia	Overseas reinvested holding company and sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Overseas reinvested holding company Sale of bicycles and related products Sale of bicycles and related products Sale of bicycles and related products Manufacture and sale of bicycles Sale of bicycles and related products Sale of bicycles and related products Manufacture and sale of bicycles Sales business International trade Sale of medium and high-end aluminum wheel hub products	EUR 15,736 USD 47,618 JPY 200,000 AUD 500 CAD 1,052 KRW 734,000 MXN 70,059 EUR 3,472 EUR 4,200 GBP 200 EUR 227 PLN 150 EUR 3,230 EUR 200 EUR 15,000 USD 100 USD 100	EUR 15,736 USD 47,618 JPY 200,000 AUD 500 CAD 1,052 KRW 734,000 MXN 70,059 EUR 3,472 EUR 4,200 GBP 200 EUR 227 PLN 150 EUR 3,230 EUR 200 EUR 15,000 USD 100 USD 100	1,200 200,000 4,000 500,000 1,051,987 146,800 -	100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100	EUR 190,404 EUR 66,205 EUR 15,688 EUR 25,303 EUR 14,837 EUR 5,160 EUR 5,965 EUR 21,142 EUR 18,344 EUR 19,430 EUR 8,229 EUR 64,008 EUR 8,313 EUR 20,115 EUR 2,718 EUR 11,834 RMB 8,010 RMB (855)	(Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1) (Note 1)	Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary	

Note 1: Not applicable.  
 Note 2: For information on investments in mainland China, please see Table 8.  
 Note 3: Significant intercompany accounts and transactions have been eliminated.  
 Note 4: No capital investment as of December 31, 2022.

**TABLE 8**

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from January 1, 2022	Investment Flows		Accumulated Outflow of Investment from December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Value as of December 31, 2022	Accumulated Repatriation of Income as of December 31, 2022
					Outflow	Inflow						
Giant China	Manufacture and sale of bicycles and parts	RMB 273,040 (USD 37,500)	(Note 1)	\$ 489,599 (Note 3)	\$ -	\$ -	\$ 489,599 (Note 3)	\$ 623,470	100%	\$ 605,315	\$ 3,063,870	\$ 10,475,252
Giant Electric Vehicle	Manufacture and sale of electric vehicle	RMB 40,465 (USD 5,000)	(Note 1)	199,182 (Note 3)	-	-	199,182 (Note 3)	980,240	100%	697,653	1,996,318	2,885,299
Giant Chengdu	Sale of bicycles and parts	RMB 49,663 (USD 6,000)	(Note 1)	-	-	-	-	49,282	100%	49,428	228,962	136,699
Giant Tianjin	Manufacture and sale of bicycles and parts	RMB 89,614 (USD 12,000)	(Note 1)	-	-	-	-	318,038	100%	309,708	1,004,307	918,213
Giant Holding	Overseas reinvested holding company	RMB 577,569 (USD 88,500)	(Note 2)	2,681,933 (Note 6)	-	-	2,681,933 (Note 6)	676,200	100%	487,862	4,194,581	956,417
Giant Kunshan	Manufacture and sale of bicycles and parts	RMB 236,288 (USD 35,000)	(Note 6)	-	-	-	-	606,018	100%	417,680	1,891,670	-
Giant Cycling Service	Lease of bicycle and promotion of outdoor activities	RMB 6,595 (USD 1,000)	(Note 6)	-	-	-	-	10	100%	10	3,260	-
Jiangsu Giant	Undertake China tourism business	RMB 5,000	(Note 7)	-	-	-	-	(7,395)	100%	(7,395)	(7,700)	-
Quanzhou YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	-	-	-	-	13,888 (Note 8)	100%	13,888	110,343	-
Putian YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	-	-	-	-	4,812 (Note 8)	100%	4,812	229,150	-
Giant Jiangsu	Manufacture and sale of bicycles and parts	RMB 331,779 (USD 52,500)	(Note 6)	-	-	-	-	31,451 (Notes 4 and 10)	100%	31,451	1,651,274	-
D. Mag	Manufacture and sale of new aluminum alloy products	RMB 360,000	(Note 4)	-	-	-	-	839,903 (Note 11)	60%	497,789 (32,864)	3,848,805	-
Light Metal Haian	Manufacture and sale of alloy materials, semi-solid aluminum, and superplastic aluminum	RMB 120,000	(Note 11)	-	-	-	-	(54,417) (Note 11)	60%	(32,864)	254,986	-
Meiki Giant	Sale and repair of computer and mechanical equipment	RMB 3,200	(Note 6)	-	-	-	-	12,902 (Note 6)	33%	4,258	10,397	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 3,646,639	USD 178,000 and RMB 21,261	(Note 9)

- Note 1: Reinvestment made in Mainland China through the investor's investment company in a third area.
- Note 2: Investee of Giant.
- Note 3: Investee of Crowood.
- Note 4: D. Mag was acquired by Giant Light Metal Technology (Kunshan) Co., Ltd. ("Giant Light Metal"), an investee of Darzins. Giant Light Metal merged with D. Mag in November 2020. After the merger, D. Mag was the surviving entity.
- Note 5: The investment income (loss) is recognized according to the financial statements audited by Giant's independent auditors.
- Note 6: Investee of Giant Holding.
- Note 7: Investee of Giant China.
- Note 8: Investee of Giant Kunshan.
- Note 9: According to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, the investment in mainland China has no maximum limitation since the Company acquired the approval from the Industrial Development Bureau regarding the Company's establishment of an operating headquarter in Taiwan.
- Note 10: Accumulated investment amount of Giant Light Metal was \$54,370 thousand. Chuansin Kunshan merged with Giant Light Metal in December 2011. Accumulated investment amount of Chuansin Kunshan was \$221,555 thousand.
- Note 11: Investee of D. Mag.
- Note 12: Significant intercompany accounts and transactions have been eliminated.

**TABLE 9**

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

**SIGNIFICANT DIRECT OR INDIRECT PURCHASES/SALES TRANSACTIONS WITH THE INVESTEE COMPANY IN MAINLAND CHINA, PRICES, PAYMENT TERMS, AND UNREALIZED GAIN OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

Counterparty	Nature of Relationship	Purchase/Sales	Amount (Note)	Trade Condition		Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss) (Note)	
				Prices	Payment Terms	Abnormal Transaction	Ending Balance		% to Total
Giant China	Giant directly or indirectly holds more than 50% of shares	Sales	\$ 576,823	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	\$ 124,578	1	\$ 9,056
Giant Electric Vehicle	Giant directly or indirectly holds more than 50% of shares	Purchase	3,495,933	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(577,905)	(14)	534,684
		Sales	1,071,907	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	216,888	2	49,501
Giant Kunshan	Giant directly or indirectly holds more than 50% of shares	Purchase	888,544	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(197,642)	(5)	403,379
		Sales	761,878	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	256,292	2	15,507
Giant Tianjin	Giant directly or indirectly holds more than 50% of shares	Purchase	128,153	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(4,504)	-	19,731
		Sales	262,586	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	62,726	1	105
D. Mag	Giant directly or indirectly holds more than 50% of shares	Purchase	467,975	Depending on specific diversity of products and related market trends	T/T 60 days	No material difference	(61,021)	(1)	50,603

Note: Significant intercompany accounts and transactions have been eliminated.

The latest audited the parent-company-only financial report

# Deloitte.

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### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Giant Manufacturing Co., Ltd.

#### Opinion

We have audited the accompanying financial statements of Giant Manufacturing Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 based on our audits and the reports of other auditors.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2022 is stated as follows:

#### Authenticity of sales revenue from major customers

The Company's sales revenue from major customers was significant to the Company's net sales revenue for the year ended December 31, 2022. Since sales revenue was relatively concentrated on major customers, we identified the authenticity of sales revenue from major customers as a key audit matter. The accounting policy on the revenue recognition is disclosed in Note 4 to the financial statements.

The main audit procedures that we performed in respect of sales revenue from major customers included the following:

1. We obtained an understanding of the related internal controls on revenue recognition and tested the operating effectiveness of the related controls.
2. We sampled the transaction documents of sales revenue from major customers, including sales orders, shipping documents and receipts of payments, and we confirmed the authenticity of revenue recognition.
3. We reviewed the significant sales returns and discounts recorded after the year and confirmed that they did occur after the balance sheet date.

#### Other Matter

We did not audit the financial statements of the Company's associate Microprogram Information Co., Ltd. ("Microprogram") for the years ended December 31, 2022 and 2021, and we also did not audit the financial statements of the Company's subsidiaries Gaiwin B.V. ("Gaiwin") and investees of Gaiwin for the year ended December 31, 2021, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Company's financial statements for these investees, is based solely on the reports of other auditors. The aforementioned investments accounted for using the equity method were NT\$90,834 thousand and NT\$9,894,052 thousand, representing 0.17% and 20%, respectively, of the Company's total assets as of December 31, 2022 and 2021, respectively. The comprehensive income of these investees was NT\$1,837 thousand and NT\$691,235 thousand, respectively, representing 0.03% and 13% of the Company's total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lie Dong Wu and Ting Chien Su.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 24, 2023

#### Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

**GIANT MANUFACTURING CO., LTD.**

**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 1,021,167	2	\$ 611,583	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	1,417	-
Notes receivable (Notes 4 and 9)	-	-	452	-
Accounts receivable from unrelated parties (Notes 4 and 9)	3,675,881	7	3,284,596	7
Accounts receivable from related parties (Notes 4 and 30)	6,986,356	13	5,382,631	11
Other receivables (Notes 9 and 30)	150,902	-	154,912	-
Inventories (Notes 4 and 10)	8,827,715	16	8,072,818	17
Other current assets (Note 12)	176,431	-	120,692	-
Total current assets	20,838,452	38	17,629,101	36
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,468	-	2,071	-
Investments accounted for using the equity method (Notes 4 and 11)	27,704,689	51	25,196,220	51
Property, plant and equipment (Notes 4, 13 and 30)	4,248,066	8	3,937,729	8
Right-of-use assets (Notes 4 and 14)	271,541	1	268,459	1
Investment properties (Notes 4 and 15)	193,901	-	290,849	1
Other intangible assets (Note 4)	222,430	-	273,943	1
Deferred tax assets (Notes 4 and 24)	1,265,831	2	1,122,819	2
Prepayments for equipment	139,381	-	222,168	-
Other non-current assets (Note 16)	15,002	-	16,047	-
Total non-current assets	34,062,309	62	31,330,305	64
<b>TOTAL</b>	<b>\$ 54,900,761</b>	<b>100</b>	<b>\$ 48,959,406</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term bank loans (Note 17)	\$ 4,880,000	9	\$ 9,100,000	19
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	33,058	-	-	-
Notes payable	682	-	720	-
Accounts payable	3,304,399	6	3,357,578	7
Accounts payable to related parties (Note 30)	901,540	2	1,305,891	3
Other payables (Notes 19 and 30)	3,146,629	6	2,718,000	5
Current tax liabilities (Notes 4 and 24)	1,915,580	3	1,325,605	3
Provisions - current (Notes 4 and 20)	150,673	-	156,673	-
Lease liabilities - current (Notes 4 and 14)	7,666	-	5,983	-
Current portion of long-term bank loans (Note 17)	295,000	1	-	-
Other current liabilities	116,635	-	89,040	-
Total current liabilities	14,751,862	27	18,059,490	37
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 18)	3,758,556	7	-	-
Long-term bank loans (Notes 17 and 27)	1,301,899	2	1,674,094	4
Deferred tax liabilities (Notes 4 and 24)	1,302,845	2	1,158,036	2
Lease liabilities - non-current (Notes 4 and 14)	264,560	1	264,038	1
Deferred revenue - non-current (Notes 4, 17 and 27)	79,185	-	124,906	-
Net defined benefit liabilities (Notes 4 and 21)	86,062	-	203,026	-
Total non-current liabilities	6,793,107	12	3,424,100	7
Total liabilities	21,544,969	39	21,483,590	44
<b>EQUITY</b>				
Ordinary shares	3,920,646	7	3,750,646	7
Capital surplus	4,716,303	9	1,792,401	4
Retained earnings				
Legal reserve	5,939,679	11	5,350,968	11
Special reserve	2,522,195	4	1,938,124	4
Unappropriated earnings	18,161,869	33	17,165,872	35
Other equity	(1,904,900)	(3)	(2,522,195)	(5)
Total equity	33,355,792	61	27,475,816	56
<b>TOTAL</b>	<b>\$ 54,900,761</b>	<b>100</b>	<b>\$ 48,959,406</b>	<b>100</b>

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

(With Deloitte & Touche auditors' report dated March 24, 2023)

**GIANT MANUFACTURING CO., LTD.**

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET SALES REVENUE (Notes 4 and 30)	\$ 39,537,210	100	\$ 34,865,724	100
COST OF GOODS SOLD (Notes 10, 23 and 30)	33,804,291	85	29,572,599	85
GROSS PROFIT	5,732,919	15	5,293,125	15
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(710,894)	(2)	(329,543)	(1)
REALIZED GROSS PROFIT	5,022,025	13	4,963,582	14
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	970,164	3	648,949	2
General and administrative expenses	1,309,904	3	1,217,813	3
Research and development expenses	732,898	2	651,155	2
Expected credit loss (Notes 4 and 9)	331,421	1	3,068	-
Total operating expenses	3,344,387	9	2,520,985	7
PROFIT FROM OPERATIONS	1,677,638	4	2,442,597	7
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 23 and 30)	(114,708)	-	(52,414)	-
Share of profit of subsidiaries and associates accounted for using the equity method (Note 11)	4,368,486	11	4,617,550	13
Interest income	39,313	-	12,320	-
Royalty income (Note 30)	232,878	1	201,145	1
Dividend income	118	-	75	-
Management service income (Note 30)	9,556	-	20,368	-
Other income (Notes 15 and 27)	78,113	-	92,827	-
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss (Note 4)	(12,474)	-	7,199	-
Gain on disposal of property, plant and equipment, net (Note 4)	1,295	-	226	-
Other expenses (Notes 4 and 15)	(4,682)	-	(129,453)	-
Foreign exchange gain (loss), net	652,120	2	(174,547)	(1)
Total non-operating income and expenses	5,250,015	14	4,595,296	13
PROFIT BEFORE INCOME TAX	6,927,653	18	7,037,893	20
INCOME TAX EXPENSE (Notes 4 and 24)	1,083,778	3	1,107,819	3
NET PROFIT FOR THE YEAR	5,843,875	15	5,930,074	17

(Continued)

**GIANT MANUFACTURING CO., LTD.**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 21)	\$ 93,834	-	\$ (53,506)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(603)	-	257	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	483	-	(163)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 24)	(18,767)	-	10,701	-
	<u>74,947</u>	<u>-</u>	<u>(42,711)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	772,079	2	(730,410)	(2)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 11)	293	-	-	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 24)	(154,474)	-	146,082	-
	<u>617,898</u>	<u>2</u>	<u>(584,328)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>692,845</u>	<u>2</u>	<u>(627,039)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,536,720</u>	<u>17</u>	<u>\$ 5,303,035</u>	<u>15</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 15.51</u>		<u>\$ 15.81</u>	
Diluted	<u>\$ 15.14</u>		<u>\$ 15.73</u>	

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

(With Deloitte & Touche auditors' report dated March 24, 2023)

(Concluded)

**GIANT MANUFACTURING CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares (Note 22)	Retained Earnings (Note 22)			Unappropriated Earnings	Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
		Capital Surplus (Notes 4, 22 and 26)	Legal Reserve	Special Reserve			
BALANCE AT JANUARY 1, 2021	\$ 3,750,646	\$ 1,792,401	\$ 4,846,055	\$ 1,955,207	\$ 14,767,113	\$ 727	\$ 25,173,298
Appropriation of 2020 earnings	-	-	504,913	(17,083)	(504,913)	-	-
Legal reserve	-	-	-	-	17,083	-	-
Special reserve	-	-	-	-	(3,000,517)	-	(3,000,517)
Cash dividends distributed by the Company - \$8.0 per share	-	-	-	-	5,930,074	-	5,930,074
Net profit for the year ended December 31, 2021	-	-	-	-	(42,968)	-	(42,968)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	5,887,106	257	(627,039)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	5,887,106	257	5,303,035
BALANCE AT DECEMBER 31, 2021	3,750,646	1,792,401	5,350,968	1,938,124	17,165,872	984	27,475,816
Appropriation of 2021 earnings	-	-	588,711	584,071	(588,711)	-	-
Legal reserve	-	-	-	-	(584,071)	-	-
Special reserve	-	-	-	-	(3,750,646)	-	(3,750,646)
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	-	-	-
Recognition of equity component of convertible bonds issued	-	263,283	-	-	-	-	263,283
Issuance of ordinary shares for cash	170,000	2,584,000	-	-	-	-	2,754,000
Share-based payment arrangements	-	76,619	-	-	-	-	76,619
Net profit for the year ended December 31, 2022	-	-	-	-	5,843,875	-	5,843,875
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	75,550	(603)	(603)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	5,919,425	(603)	6,536,720
BALANCE AT DECEMBER 31, 2022	3,920,646	4,716,303	5,939,679	2,522,195	18,161,869	381	33,355,792

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

(With Deloitte & Touche auditors' report dated March 24, 2023)

## GIANT MANUFACTURING CO., LTD.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 6,927,653	\$ 7,037,893
Adjustments for:		
Depreciation and amortization expenses	690,843	571,835
Expected credit loss recognized	331,421	3,068
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	12,474	(7,199)
Finance costs	114,708	52,414
Interest income	(39,313)	(12,320)
Dividend income	(118)	(75)
Compensation cost of employee share options	76,619	-
Share of profit of subsidiaries and associates accounted for using the equity method	(4,368,486)	(4,617,550)
Gain on disposal of property, plant and equipment, net	(1,295)	(226)
Write-down of inventories	450,990	9,894
Impairment loss recognized on non-financial assets	-	123,043
Unrealized gain on transactions with subsidiaries and associates	710,894	329,543
Unrealized loss on foreign currency exchange, net	5,772	37,892
Gain on lease modification	(1,770)	(17)
Net changes in operating assets and liabilities		
Notes receivable	452	(431)
Accounts receivable	(2,322,987)	(3,314,598)
Other receivables	507	319,212
Inventories	(1,205,887)	(3,591,033)
Other current assets	(55,739)	(24,917)
Notes payable	(38)	720
Accounts payable	(459,937)	148,290
Other payables	444,016	265,098
Provisions	(6,000)	(6,117)
Other current liabilities	27,597	(25,659)
Net defined benefit liabilities	(23,130)	(19,793)
Cash generated from (used in) operations	1,309,246	(2,721,033)
Interest received	39,313	12,320
Interest paid	(85,160)	(52,634)
Income tax paid	(665,248)	(268,073)
Net cash generated from (used in) operating activities	<u>598,151</u>	<u>(3,029,420)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at amortized cost	-	12,089
Acquisition of investments accounted for using the equity method	(592,384)	-
Payments for property, plant and equipment	(72,849)	(150,329)
Proceeds from disposal of property, plant and equipment	2,110	5,122
Payments for intangible assets	(25,989)	(58,951)
Proceeds from disposal of intangible assets	-	331
Decrease in other non-current assets	1,045	20,020

(Continued)

## GIANT MANUFACTURING CO., LTD.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Increase in prepayments for equipment	\$ (680,815)	\$ (522,116)
Dividends received from subsidiaries	2,514,362	1,462,723
Other dividends received	<u>118</u>	<u>75</u>
Net cash generated from investing activities	<u>1,145,598</u>	<u>768,964</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term bank loans	(4,220,000)	4,903,077
Proceeds from issuance of convertible bonds	4,015,190	-
Proceeds from long-term bank loans	-	276,000
Repayments of long-term bank loans	(122,917)	-
Repayment of the principal portion of lease liabilities	(9,792)	(9,571)
Dividends paid to owners of the Company	(3,750,646)	(3,000,517)
Proceeds from issuance of ordinary shares	<u>2,754,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(1,334,165)</u>	<u>2,168,989</u>
NET INCREASE (DECREASE) IN CASH	409,584	(91,467)
CASH AT THE BEGINNING OF THE YEAR	<u>611,583</u>	<u>703,050</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,021,167</u>	<u>\$ 611,583</u>

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

(With Deloitte & Touche auditors' report dated March 24, 2023)

(Concluded)



**GIANT MANUFACTURING CO., LTD.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

**1. GENERAL INFORMATION**

Giant Manufacturing Co., Ltd. (“Giant” or the “Company”) was incorporated in October 1972. Its shares are listed on the Taiwan Stock Exchange since December 1994.

Giant manufactures and sells bicycles, electric bicycles and related parts.

The parent company only financial statements of Giant are presented in the Company’s functional currency, the New Taiwan dollar.

**2. APPROVAL OF FINANCIAL STATEMENTS**

The parent company only financial statements were approved by the Company’s board of directors on March 10, 2023.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

c. 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 determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”).

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured 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 inputs are 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; 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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company'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 denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is 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 gains 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 item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the parent company only financial statements, the functional currencies of foreign operations (including subsidiaries and associates that use currencies that are different from the currency of the Company) 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; 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.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable and supplies 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.

f. Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

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

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business 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 Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company 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 Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the 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 had the investee 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 using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

h. 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 less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets before reaching their intended use are measured at the lower of cost or net realizable value, and any proceeds from selling and the cost are recognized in profit or loss. Such assets are depreciated and classified into the appropriate categories of property, plant and equipment when completed and ready for the intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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.

i. Investment properties

Investment properties are properties held to earn rentals 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. Depreciation is recognized using the straight-line method.

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.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. 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 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.

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.

k. Impairment of property, plant and equipment, investment properties, right-of-use assets, and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets and intangible assets 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual 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 (less amortization and depreciation) 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.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 fair value through profit or loss (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.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets 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, notes receivable at amortized cost, accounts receivable and other receivables, 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.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company 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 Company 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 Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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.

## c) Derecognition of financial assets

The Company 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. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income 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) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

## 3) Financial liabilities

## a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 29.

## b) 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.

## 4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

## 5) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

## m. Provisions

Provisions are measured at the best estimate of the discounted cash flows 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.

Provisions for the expected cost of warranty obligations to assure that sale contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligation.

## n. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Revenue from the sale of goods are recognized as revenue and accounts receivable when the goods are delivered to the customer's specific location, when the goods are shipped or when the goods are picked up because it is the time when the customer has the ownership of the goods and bears the risks.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leases

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

1) The Company 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.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company 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 by 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. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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 lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term used to determine payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

p. 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. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives 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 Company with no future related costs are recognized in profit or loss in the period in which they are received.

r. 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, past service cost) and net interest on the net defined benefit liability 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 liabilities represent the actual deficit in the Company'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.

s. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares as well as the price that the employees purchase are confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

t. Taxation

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

1) Current tax

According to the Income Tax Act 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 Company 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 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 such temporary differences 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions on 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 estimates and underlying assumptions are reviewed on an ongoing basis by management. 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

	December 31	
	2022	2021
Cash on hand and petty cash	\$ 142	\$ 126
Checking accounts and demand deposits	<u>1,021,025</u>	<u>611,457</u>
	<u>\$ 1,021,167</u>	<u>\$ 611,583</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets - current</u>		
Financial assets held for trading		
Foreign exchange forward contracts	\$ -	\$ 1,417
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Foreign exchange forward contracts	\$ 5,858	\$ -
Redemption and put options of convertible bonds (Note 18)	<u>27,200</u>	<u>-</u>
	<u>\$ 33,058</u>	<u>\$ -</u>

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)	Range of Interest Rates Received
<u>December 31, 2022</u>				
Sell	USD/NTD	2023.1.4-2023.1.31	USD24,500/NTD748,293	30.37-30.64
	EUR/NTD	2023.1.19	EUR11,350/NTD368,491	32.35-32.60
	USD/JPY	2023.1.5	USD2,000/JPY265,000	132.5

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)	Range of Interest Rates Received
<u>December 31, 2021</u>				
Sell	USD/NTD	2022.1.7-2022.2.11	USD17,500/NTD485,532	27.64-27.83
	EUR/NTD	2022.1.7-2022.2.11	EUR9,000/NTD282,581	31.37-31.42
				(Concluded)

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These foreign exchanges forward contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in equity instruments - non-current

	December 31	
	2022	2021
Domestic listed company	\$ 1,468	\$ 2,071

These investments in equity instruments of KMC (Kuei Meng) International Inc. (“Kuei Meng”) are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Company’s strategy of holding these investments for long-term purposes.

## 9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
Notes receivable	\$ -	\$ 452
<u>Accounts receivable from unrelated parties</u>		
Accounts receivable	\$ 4,003,991	\$ 3,287,846
Less: Allowance for impairment loss	(328,110)	(3,250)
	\$ 3,675,881	\$ 3,284,596
<u>Other receivables</u>		
Other receivable	\$ 157,463	\$ 154,912
Less: Allowance for impairment loss	(6,561)	-
	\$ 150,902	\$ 154,912

The average credit period of sales of goods is 30 to 120 days. No interest is charged on accounts receivable. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if such information is not available, the Company uses other publicly available financial information or its own trading records to rate its major customers. The Company’s exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management administrator annually.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to the past default experience of the debtor and an analysis of the debtor’s current financial position and the economic condition of the industry in which the debtors operate. Before 2021, as the Company’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company’s different customer base. However, starting in 2022, due to indication of default on certain customers, the Company uses different provision matrixes from other customers and determines the expected credit loss ratio by reference to expected recoverable amounts.

The Company writes off an accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and accounts receivable.

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Indication of Default	Total
<u>December 31, 2022</u>						
Expected credit loss rate	0%	5%-40%	70%	100%	80%	
Gross carrying amount	\$ 3,524,589	\$ 73,488	\$ 13,154	\$ -	\$ 392,760	\$ 4,003,991
Loss allowance (lifetime ECL)	-	(3,993)	(9,208)	-	(314,909)	(328,110)
Amortized cost	\$ 3,524,589	\$ 69,495	\$ 3,946	\$ -	\$ 77,851	\$ 3,675,881
<u>December 31, 2021</u>						
Expected credit loss rate	0%	5%-40%	70%	100%	-	
Gross carrying amount	\$ 3,223,288	\$ 65,010	\$ -	\$ -	\$ -	\$ 3,288,298
Loss allowance (lifetime ECL)	-	(3,250)	-	-	-	(3,250)
Amortized cost	\$ 3,223,288	\$ 61,760	\$ -	\$ -	\$ -	\$ 3,285,048

The movements of the loss allowance of notes receivable, accounts receivable and other receivables were as follows:

	For the Year Ended December 31			
	2022		2021	
	Accounts Receivable	Other Receivables	Accounts Receivable	Other Receivables
Balance at January 1	\$ 3,250	\$ -	\$ 182	\$ -
Add: Net remeasurement of loss allowance	324,860	6,561	3,068	-
Balance at December 31	\$ 328,110	\$ 6,561	\$ 3,250	\$ -



## 10. INVENTORIES

	December 31	
	2022	2021
Finished goods and merchandise	\$ 2,998,254	\$ 2,558,191
Work in process	362,950	318,110
Raw materials and supplies	<u>5,466,511</u>	<u>5,196,517</u>
	<u>\$ 8,827,715</u>	<u>\$ 8,072,818</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$33,804,291 thousand and \$29,572,599 thousand, respectively. The cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs of \$450,990 thousand and \$9,894 thousand, respectively.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 27,613,855	\$ 25,107,223
Investments in associates	<u>90,834</u>	<u>88,997</u>
	<u>\$ 27,704,689</u>	<u>\$ 25,196,220</u>

### a. Investment in subsidiaries

Investee	December 31			
	2022		2021	
	Amount	Ownership (%)	Amount	Ownership (%)
Gaiwin	\$ 11,350,373	100	\$ 9,805,055	100
Growood Investment Ltd. ("Growood")	5,733,371	100	5,833,211	100
Giant Holding Co., Ltd. ("Giant Holding")	4,194,581	100	4,096,176	100
Darzins Holdings Ltd. ("Darzins")	3,718,217	100	3,241,863	100
YouBike Co., Ltd. ("YouBike")	879,946	100	891,849	100
Giant Sales Co., Ltd. ("Giant Sales")	533,112	100	474,748	100
Merdeka International Ltd. ("Merdeka")	229,723	100	204,614	100
Giant Bicycle Mexico S. de R.L. de C.V. ("Giant Mexico")	2	-	1	-
AIPS Technology Co., Ltd. ("AIPS")	387,104	100	559,706	100
Giant Vietnam Manufacturing Company Limited (Giant Vietnam Mfg.) (Note)	<u>587,426</u>	100	<u>-</u>	-
	<u>\$ 27,613,855</u>		<u>\$ 25,107,223</u>	

Note: A newly established subsidiary focusing on the manufacture and sale of bicycles.

The Company's investments accounted for using the equity method are not a publicly quoted entity.

The Company established Gaiwin in the Netherlands and was approved by the Investment Commission, Ministry of Economic Affairs (MOEAIC). The nature of the business of Gaiwin's investees in the Americas, Europe, Australia and Asia is selling of bicycles and related products.

The investments in China from Growood, Darzins and Merdeka were approved by MOEAIC. The nature of the business of the above-mentioned investments is manufacturing and selling of bicycles, electric bicycles and related products.

The investments in China were established by Giant Holding and were approved by MOEAIC. The nature of the business of the above-mentioned investments is manufacturing and selling of bicycles and related products, leasing bicycles and promotion of outdoor activities and China's public bicycle rental.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the subsidiaries financial statements audited by the auditors for the same years.

The difference between the investment cost and the net equity is attributable to goodwill and the changes in 2022 and 2021 are as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 64,367	\$ 70,968
Effect of foreign currency exchange differences	<u>3,035</u>	<u>(6,601)</u>
Balance at December 31	<u>\$ 67,402</u>	<u>\$ 64,367</u>

### b. Investments in associates

	December 31	
	2022	2021
Investments in insignificant associates	<u>\$ 90,834</u>	<u>\$ 88,997</u>

	For the Year Ended December 31	
	2022	2021
Net income (loss) for the year	\$ 1,544	\$ (8,402)
Other comprehensive income	<u>293</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>\$ 1,837</u>	<u>\$ (8,402)</u>

The Company's share of:

Net income (loss) for the year	\$ 1,544	\$ (8,402)
Other comprehensive income	<u>293</u>	<u>-</u>

Total comprehensive income (loss) for the year	<u>\$ 1,837</u>	<u>\$ (8,402)</u>
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The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the associate's financial statements which have been audited for the same years.

**12. OTHER CURRENT ASSETS**

	December 31	
	2022	2021
Value-added tax	\$ 62,730	\$ 31,231
Prepaid expense	58,882	42,194
Prepayments for purchases	17,885	37,814
Others	<u>36,934</u>	<u>9,453</u>
	<u>\$ 176,431</u>	<u>\$ 120,692</u>

**13. PROPERTY, PLANT AND EQUIPMENT**

	For the Year Ended December 31, 2022				
	Beginning Balance	Additions	Disposals	Reclassified	Ending Balance
<u>Cost</u>					
Land	\$ 578,183	\$ -	\$ -	\$ 58,269	\$ 636,452
Buildings	3,087,173	853	1,684	105,933	3,192,275
Machinery equipment	1,673,724	35,947	29,001	297,358	1,978,028
Mold equipment	441,533	13,708	5,128	113,501	563,614
Transportation equipment	46,614	95	6,478	3,670	43,901
Office equipment	135,006	10,351	1,003	19,863	164,217
Other equipment	<u>285,024</u>	<u>32,371</u>	<u>3,218</u>	<u>184,865</u>	<u>499,042</u>
	<u>6,247,257</u>	<u>\$ 93,325</u>	<u>\$ 46,512</u>	<u>\$ 783,459</u>	<u>7,077,529</u>
<u>Accumulated depreciation</u>					
Buildings	607,096	\$ 126,014	\$ 1,684	\$ 9,611	741,037
Machinery equipment	1,086,741	210,829	28,801	-	1,268,769
Mold equipment	353,540	94,385	5,128	-	442,797
Transportation equipment	36,265	3,490	5,941	-	33,814
Office equipment	73,958	27,386	926	-	100,418
Other equipment	<u>151,928</u>	<u>93,917</u>	<u>3,217</u>	<u>-</u>	<u>242,628</u>
	<u>2,309,528</u>	<u>\$ 556,021</u>	<u>\$ 45,697</u>	<u>\$ 9,611</u>	<u>2,829,463</u>
	<u>\$ 3,937,729</u>				<u>\$ 4,248,066</u>

	For the Year Ended December 31, 2021				
	Beginning Balance	Additions	Disposals	Reclassified	Ending Balance
<u>Cost</u>					
Land	\$ 589,476	\$ -	\$ -	\$ (11,293)	\$ 578,183
Buildings	2,679,103	6,300	1,295	403,065	3,087,173
Machinery equipment	1,476,850	27,831	4,499	173,542	1,673,724
Mold equipment	361,301	19,377	1,304	62,159	441,533
Transportation equipment	38,621	6,152	95	1,936	46,614
Office equipment	102,441	14,724	-	17,841	135,006
Other equipment	207,043	24,830	647	53,798	285,024
Construction in progress	<u>258,904</u>	<u>140,493</u>	<u>-</u>	<u>(399,397)</u>	<u>-</u>
	<u>5,713,739</u>	<u>\$ 239,707</u>	<u>\$ 7,840</u>	<u>\$ 301,651</u>	<u>6,247,257</u>

(Continued)

	For the Year Ended December 31, 2021				
	Beginning Balance	Additions	Disposals	Reclassified	Ending Balance
<u>Accumulated depreciation</u>					
Buildings	\$ 495,756	\$ 118,817	\$ 65	\$ (7,412)	\$ 607,096
Machinery equipment	903,845	183,956	1,060	-	1,086,741
Mold equipment	265,524	89,320	1,304	-	353,540
Transportation equipment	30,054	6,306	95	-	36,265
Office equipment	46,883	27,075	-	-	73,958
Other equipment	<u>118,021</u>	<u>34,327</u>	<u>420</u>	<u>-</u>	<u>151,928</u>
	<u>1,860,083</u>	<u>\$ 459,801</u>	<u>\$ 2,944</u>	<u>\$ (7,412)</u>	<u>2,309,528</u>
	<u>\$ 3,853,656</u>				<u>\$ 3,937,729</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	60 years
Electrical power equipment	10-50 years
Others	5-15 years
Machinery equipment	2-10 years
Mold equipment	2-7 years
Transportation equipment	5 years
Office equipment	3-5 years
Other equipment	2-25 years

**14. LEASE ARRANGEMENTS**

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 265,896	\$ 265,445
Others	<u>5,645</u>	<u>3,014</u>
	<u>\$ 271,541</u>	<u>\$ 268,459</u>
<u>For the Year Ended December 31</u>		
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 11,832</u>	<u>\$ 3,023</u>
Depreciation charge for right-of-use assets		
Land	\$ 5,636	\$ 5,765
Buildings	-	820
Others	<u>3,114</u>	<u>1,929</u>
	<u>\$ 8,750</u>	<u>\$ 8,514</u>

Except for additions and the recognized depreciation expenses listed above, the Company's right-of-use assets did not have significant subleases or impairment for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	\$ 7,666	\$ 5,983
Non-current	\$ 264,560	\$ 264,038

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.71%	0.71%
Buildings	-	0.71%
Others	0.57%-0.71%	0.58%-0.71%

c. Material leasing activities and terms

The Company leases land and buildings for the use of employee dormitories with lease terms of 1 to 5 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

The Company leases land from Central Taiwan Science Park Bureau, Ministry of Science and Technology with a term that will expire on December 31, 2035, due for renewal.

**15. INVESTMENT PROPERTIES**

	For the Year Ended December 31, 2022			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost	\$ 332,561	\$ -	\$ (104,035)	\$ 228,526
Accumulated depreciation	<u>41,712</u>	<u>2,524</u>	<u>(9,611)</u>	<u>34,625</u>
	<u>\$ 290,849</u>	<u>\$ 2,524</u>	<u>\$ (94,424)</u>	<u>\$ 193,901</u>
	For the Year Ended December 31, 2021			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost	\$ 296,474	\$ -	\$ 36,087	\$ 332,561
Accumulated depreciation	<u>31,348</u>	<u>2,952</u>	<u>7,412</u>	<u>41,712</u>
	<u>\$ 265,126</u>	<u>\$ 2,952</u>	<u>\$ 28,675</u>	<u>\$ 290,849</u>

All of the Company's investment properties were held under freehold and leased out for subsidiaries' use. The rentals were determined by reference to rentals of similar properties in the vicinity. The investment properties are depreciated on a straight-line basis over their estimated useful lives of 5-45 years.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2022	2021
Year 1	\$ 8,716	\$ 8,716
Year 2	8,716	8,716
Year 3	8,716	8,716
Year 4	8,716	8,716
Year 5	<u>8,716</u>	<u>8,716</u>
	<u>\$ 43,580</u>	<u>\$ 43,580</u>

The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to selling price of similar properties in the vicinity which was announced in the official estate information platform of the Ministry of the Interior.

	December 31	
	2022	2021
Fair value	<u>\$ 482,196</u>	<u>\$ 834,016</u>

The investment properties have been leased out under operating leases. The rental income, classified as non-operating income - other income, generated for the years ended December 31, 2022 and 2021 was \$8,716 thousand and \$9,946 thousand, respectively.

**16. CASH SURRENDER VALUE OF ANNUITY INSURANCE**

The cash surrender value of annuity insurance coverages for employees is deducted and paid on behalf of the employees by the Company. The insurance premiums, which are paid at the cash surrender value, are classified as current insurance expenses with a simultaneous increase in the carrying amount of the annuity insurance. At the time of expiration of the guaranteed period upon mid-term cancellation, the receipt of full payment will reduce the cash surrender value of annuity insurance according to the carrying amount.

Changes in the cash surrender value of annuity insurance were as follows (classified as other non-current assets):

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 6,198	\$ 13,992
Annuity insurance payment for the year	9,819	3,259
Annuity insurance received for the year	(16,117)	(11,421)
Increase in cash surrender value	<u>100</u>	<u>368</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 6,198</u>

## 17. LOANS

### a. Short-term bank loans

	December 31	
	2022	2021
<u>Unsecured bank loans</u>		
Line of credit loans	\$ 4,880,000	\$ 9,100,000
Effective interest rates (%)	1.004-1.65	0.51-0.60

### b. Long-term bank loans

	December 31	
	2022	2021
<u>Unsecured bank loans</u>		
Line of credit loans	\$ 1,676,084	\$ 1,799,000
Less: Current portion of long-term borrowings	(295,000)	-
Less: Discounts on government grants (Note 27)	(79,185)	(124,906)
	<u>\$ 1,301,899</u>	<u>\$ 1,674,094</u>
Effective interest rates (%)	0.475	0.01

Line of credit loans are due in 2027.

## 18. BONDS PAYABLE

	December 31	
	2022	2021
Domestic unsecured convertible bonds	\$ 4,000,000	\$ -
Less: Discount on bonds payable	(241,444)	-
	<u>\$ 3,758,556</u>	<u>\$ -</u>

The Company issued 40,000 units of domestic unsecured convertible bonds at a principal amount of \$100 thousand with an issue price of 100.5% of the principal amount and 0% coupon rate for a total amount of \$4,020,000 thousand on June 13, 2022. The bond has a maturity of five years, from the issue date of June 13, 2022 to June 13, 2027.

Bondholders may convert the bonds into ordinary shares of the Company at the conversion price of \$290.7 per share during the conversion period of September 14, 2022 to June 13, 2027. Bonds held until maturity would be redeemed in cash at the principal amount. Other major clauses are as follows:

### a. Put option of the bondholders

Bondholders may request the Company to redeem the convertible bonds three years after the issue date (i.e., the put date is June 13, 2025) at the principal amount. Upon such request, the Company shall redeem the bonds in cash.

### b. Redemption right of the Company

Between the day immediately following the 3 months from the issue date (i.e., September 14, 2022) and 40 days prior to the maturity date (i.e., May 4, 2027), the Company may redeem the outstanding convertible bonds in cash at the principal amount in accordance with the relevant rules when the closing price of the Company's ordinary shares exceeds the conversion price at that time by 30% (inclusive) for a period of thirty consecutive trading days or when the balance of the outstanding bonds is less than 10% of the issue amount.

The convertible bonds contains a liability component and an equity component. The equity component is presented as capital surplus - stock options. For liability component, the effective interest rate at initial recognition is 1.399%. Derivatives from the redemption right and put option are recognized as financial liabilities at fair value through profit or loss - current at the net amount.

Proceeds from the issuance (net of minus transaction costs of \$4,810 thousand)	\$ 4,015,190
Equity component (net of transaction cost allocated to the equity component of \$317 thousand)	(263,283)
Derivatives from the redemption right and put option	(22,000)
Liability component as of the issue date of issuance (net of transaction cost allocated to the liability component of \$4,493 thousand)	3,729,907
Interest calculated using at the effective interest rate of 1.399%	28,649
Liability component as of December 31, 2022	<u>\$ 3,758,556</u>

## 19. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries and bonuses	\$ 1,411,068	\$ 1,215,339
Payables for compensation of employees and remuneration of directors	690,624	713,419
Payables for purchase of equipment	113,614	131,207
Others	931,323	658,035
	<u>\$ 3,146,629</u>	<u>\$ 2,718,000</u>

## 20. PROVISIONS - CURRENT

	December 31	
	2022	2021
Warranties	\$ 150,673	\$ 156,673

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

**21. RETIREMENT BENEFIT PLANS**

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 8.96% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<u>December 31</u>	
	2022	2021
Present value of defined benefit obligation	\$ 710,082	\$ 802,487
Fair value of plan assets	<u>(624,020)</u>	<u>(599,461)</u>
Net defined benefit liabilities	<u>\$ 86,062</u>	<u>\$ 203,026</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	\$ <u>777,314</u>	\$ <u>(608,002)</u>	\$ <u>169,312</u>
Service cost			
Current service cost	4,186	-	4,186
Net interest expense (income)	<u>3,887</u>	<u>(3,107)</u>	<u>780</u>
Recognized in profit or loss	<u>8,073</u>	<u>(3,107)</u>	<u>4,966</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,335)	(7,335)
Actuarial loss - changes in demographic assumptions	18,599	-	18,599
Actuarial gain - changes in financial assumptions	(8,952)	-	(8,952)
Actuarial loss - experience adjustments	<u>51,194</u>	-	<u>51,194</u>
Recognized in other comprehensive income	<u>60,841</u>	<u>(7,335)</u>	<u>53,506</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Contributions from the employer	\$ -	\$ (24,690)	\$ (24,690)
Benefits paid	(43,673)	43,673	-
Payments from the employer	<u>(68)</u>	<u>-</u>	<u>(68)</u>
Balance at December 31, 2021	<u>\$ 802,487</u>	<u>\$ (599,461)</u>	<u>\$ 203,026</u>
Balance at January 1, 2022	<u>\$ 802,487</u>	<u>\$ (599,461)</u>	<u>\$ 203,026</u>
Service cost			
Current service cost	3,860	-	3,860
Net interest expense (income)	<u>5,016</u>	<u>(3,832)</u>	<u>1,184</u>
Recognized in profit or loss	<u>8,876</u>	<u>(3,832)</u>	<u>5,044</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(46,977)	(46,977)
Actuarial gain - changes in financial assumptions	(31,045)	-	(31,045)
Actuarial gain - experience adjustments	<u>(15,813)</u>	<u>-</u>	<u>(15,813)</u>
Recognized in other comprehensive income	<u>(46,858)</u>	<u>(46,977)</u>	<u>(93,835)</u>
Contributions from the employer	-	(24,586)	(24,586)
Benefits paid	(50,836)	50,836	-
Payments from the employer	<u>(3,587)</u>	<u>-</u>	<u>(3,587)</u>
Balance at December 31, 2022	<u>\$ 710,082</u>	<u>\$ (624,020)</u>	<u>\$ 86,062</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<u>December 31</u>	
	2022	2021
Discount rates	1.38%	0.63%
Expected rates of salary increase	2.50%	2.25%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	\$ (14,569)	\$ (17,806)
0.25% decrease	\$ 15,041	\$ 18,411
Expected rates of salary increase		
0.25% increase	\$ 14,622	\$ 17,815
0.25% decrease	\$ (14,237)	\$ (17,323)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	\$ 26,413	\$ 27,165
Average duration of the defined benefit obligation	8.4 years	9 years

## 22. EQUITY

### a. Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	495,000	495,000
Shares authorized	\$ 4,950,000	\$ 4,950,000
Shares issued and fully paid (in thousands of shares)	392,065	375,065

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On March 25, 2022, the Company's board of directors resolved to issue 17,000 thousand ordinary shares with a par value of \$10, for a consideration of \$162 per share which increased the ordinary shares and fully paid to \$3,920,646 thousand. On May 26, 2022, the abovementioned seasoned equity offering was approved by the FSC, and the board of directors held a meeting and set the subscription base date on November 24, 2022.

### b. Capital surplus

	December 31	
	2022	2021
Share premium	\$ 4,284,624	\$ 1,624,005
Equity component of convertible bonds issued by the Company	263,283	-
Changes in percentage of ownership interests in subsidiaries	71,570	71,570
Employee share options	95,401	95,401
Changes in capital surplus from investments in associates accounted for using the equity method	1,245	1,245
Others	180	180
	<u>\$ 4,716,303</u>	<u>\$ 1,792,401</u>

The capital surplus from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's capital surplus and once a year).

The capital surplus from changes in the percentage of ownership interests in subsidiaries may be used to offset a deficit only. Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in the capital surplus of subsidiaries accounted for using the equity method.

The capital surplus from investments accounted for using the equity method, employee share options and recognition of equity component from the issuance of convertible bonds may not be used for any purpose.

### c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 23-c.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 which were approved in the shareholders' meetings on June 23, 2022, and July 8, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 588,711	\$ 504,913		
Special reserve (reversed)	584,071	(17,083)		
Cash dividends	3,750,646	3,000,517	\$ 10	\$ 8

The appropriation of earnings and dividends per share for 2022 which was proposed by the Company's board of directors on March 10, 2023 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 591,943	
Special reserve reversed	(617,295)	
Cash dividends	3,058,104	\$ 7.8

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held on June 21, 2023.

d. Special reserve

The increase in retained earnings that resulted from the first-time adoption of IFRSs was not enough for this appropriation; therefore, the Company appropriated for special reserve an amount of \$677,989 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs. The reversal of special reserve that resulted from disposal of subsidiaries was \$71,523 thousand and \$476 thousand in 2015 and 2013, respectively.

The special reserve appropriated on the first-time adoption of IFRSs relating to land may be reversed on disposal or reclassification. A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed.

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 84,123	\$ 50,229
Interest on lease liabilities	1,936	1,923
Interest on bonds	28,649	-
Interest on loans from related parties	-	262
	<u>\$ 114,708</u>	<u>\$ 52,414</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31 2021
Capitalized interest amount	\$ 1,251
Capitalization rate	0.56%-0.58%

b. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31					
	2022			2021		
	Operating Costs	Operating and Non-operating Expenses	Total	Operating Costs	Operating and Non-operating Expenses	Total
Short-term employee benefits	\$ 1,588,044	\$ 1,107,155	\$ 2,695,199	\$ 1,515,318	\$ 1,086,280	\$ 2,601,598
Labor insurance and health insurance	143,228	60,959	204,187	130,600	53,936	184,536
Post-employment benefits						
Defined contribution plans	49,069	21,578	70,647	42,420	18,250	60,670
Defined benefit plans	2,588	2,456	5,044	2,728	2,238	4,966
Remuneration of directors	-	178,116	178,116	-	178,976	178,976
Other employee benefits	116,062	42,672	158,734	110,784	35,475	146,259
Depreciation and amortization expenses	257,090	433,753	690,843	229,823	342,012	571,835

For the years ended December 31, 2022 and 2021, the average annual number of employees of the Company was 3,042 and 2,919, respectively, which included 9 non-employee directors for both years. The calculation basis is consistent with employee benefits expense.

For the years ended December 31, 2022 and 2021, the average annual employee benefits expense were \$1,033 thousand and \$1,030 thousand, respectively. For the years ended December 31, 2022 and 2021, the average annual employee salaries were \$889 thousand and \$894 thousand, respectively. The average employee salaries decreased by 0.6% in 2022.

The audit committee of the Company is set up to replace the supervisors; therefore, there was no remuneration to the supervisors.

Compensation and remuneration policy

- a) According to the Company's policy on remuneration and travel allowance, the remuneration of directors is paid at prevailing rates. If the Company has a surplus earning, it shall be allocated to the compensation and remuneration in accordance with the Company's policy. After the allocations are reviewed by the remuneration committee and the board of directors, the allocations will be reported in the shareholders' meeting. When a director is also an employee, the remuneration shall be paid in accordance with the policy stated in of b) and c) below.
- b) The standards of compensation and remuneration for the general manager and deputy general manager are in accordance with the Company's policy on personnel performance appraisal, which is provided by the department of the human resources, the individual performance, the contribution to the Company's overall performance, and in consideration of market compensation surveys. After the remuneration is reviewed by the remuneration committee, and it will be implemented with the approval of the board of directors.

c) The Company's policy on compensation and remuneration is based on the individual's ability, the contribution to the company, the individual performance, which shows positive relation to the Company's performance. The overall compensation and remuneration includes three parts, which are basic salary, incentives and profit sharing, and benefits. Basic salary is determined by employee's roles and responsibilities and also benchmarked with market compensation surveys; incentives and profit sharing are based on employees' performance, departmental goals, or the Company's performance. Benefits are designed to provide employees with measures that can be shared, and the benefits are to take care of employees' needs for work and career and to satisfy the regulations and laws.

c. Employees' compensation and remuneration of directors

The shareholders of the Company held their regular meeting in July 2021 and resolved the amendments to the Company's Articles. According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates of 6%-12% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. Before the amendments, the Company accrued employees' compensation and remuneration of directors at rates of 6%-12% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 10, 2023 and March 25, 2022, respectively, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	7.1%	\$ 538,258	7.2%	\$ 558,393
Remuneration of directors	2.0%	152,366	2.0%	155,026

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration to directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 1,275,780	\$ 849,358
Income tax on unappropriated earnings	48,184	67,727
Adjustments for prior years	(68,742)	22,319
	<u>1,255,222</u>	<u>939,404</u>
Deferred tax		
In respect of the current year	(171,444)	168,415
Income tax expense recognized in profit or loss	<u>\$ 1,083,778</u>	<u>\$ 1,107,819</u>

A reconciliation of accounting profit and income tax expenses was as follows:

	For the Year Ended December 31	
	2022	2021
Income tax expense calculated at the statutory rate	\$ 1,385,532	\$ 1,407,579
Permanent differences	(421,662)	(668,054)
Temporary differences	311,910	109,833
Income tax on unappropriated earnings	48,184	67,727
Current income tax expense	1,323,964	917,085
Deferred income tax expense		
Temporary differences	(171,444)	168,415
Adjustments for prior years' tax	(68,742)	22,319
Income tax expense recognized in profit or loss	<u>\$ 1,083,778</u>	<u>\$ 1,107,819</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (18,767)	\$ 10,701
Exchange differences on translation of the financial statements of foreign operations	(154,474)	146,082
Total income tax recognized in other comprehensive income	<u>\$ (173,241)</u>	<u>\$ 156,783</u>



c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2022			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<b>Deferred Tax Assets</b>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 655,937	\$ -	\$ (154,474)	\$ 501,463
Deferred recognition of bonuses payable	164,657	19,308	-	183,965
Unrealized intercompany profit	130,552	142,179	-	272,731
Provisions	31,335	(1,200)	-	30,135
Allowance for inventory devaluation	41,527	90,198	-	131,725
Allowance for impairment loss	-	44,954	-	44,954
Defined benefit obligations	41,030	-	(18,767)	22,263
Unrealized loss on foreign currency exchange	5,837	1,154	-	6,991
Others	51,944	19,660	-	71,604
	<u>\$ 1,122,819</u>	<u>\$ 316,253</u>	<u>\$ (173,241)</u>	<u>\$ 1,265,831</u>
<b>Deferred Tax Liabilities</b>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 1,024,108	\$ 140,467	\$ -	\$ 1,164,575
Reserve for land revaluation increment tax	98,974	-	-	98,974
Defined benefit obligations	34,671	4,625	-	39,296
Others	283	(283)	-	-
	<u>\$ 1,158,036</u>	<u>\$ 144,809</u>	<u>\$ -</u>	<u>\$ 1,302,845</u>

	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<b>Deferred Tax Assets</b>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 509,855	\$ -	\$ 146,082	\$ 655,937
Deferred recognition of bonuses payable	130,340	34,317	-	164,657
Unrealized intercompany profit	64,643	65,909	-	130,552
Provisions	32,558	(1,223)	-	31,335
Allowance for inventory devaluation	39,549	1,978	-	41,527
Defined benefit obligations	30,329	-	10,701	41,030
Unrealized loss on foreign currency exchange	-	5,837	-	5,837
Others	46,438	5,506	-	51,944
	<u>\$ 853,712</u>	<u>\$ 112,324</u>	<u>\$ 156,783</u>	<u>\$ 1,122,819</u>
<b>Deferred Tax Liabilities</b>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 745,861	\$ 278,247	\$ -	\$ 1,024,108
Reserve for land revaluation increment tax	98,974	-	-	98,974
Defined benefit obligations	30,712	3,959	-	34,671
Unrealized gain on foreign currency exchange	1,750	(1,750)	-	-
Others	-	283	-	283
	<u>\$ 877,297</u>	<u>\$ 280,739</u>	<u>\$ -</u>	<u>\$ 1,158,036</u>

d. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

## 25. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NTD)
<u>For the year ended December 31, 2022</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 5,843,875	376,834	<u>\$ 15.51</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	3,143	
Convertible bonds	<u>22,919</u>	<u>7,593</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 5,866,794</u>	<u>387,570</u>	<u>\$ 15.14</u>
<u>For the year ended December 31, 2021</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 5,930,074	375,065	<u>\$ 15.81</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	1,991	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 5,930,074</u>	<u>377,056</u>	<u>\$ 15.73</u>

The Company may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. SHARE-BASED PAYMENT ARRANGEMENT

### Issuance of shares from cash capital increase reserved for employee subscription

On March 25, 2022, the Company's board of directors resolved to issue ordinary shares for cash and reserved 1,700 thousand shares for employee subscription in accordance with the Company Act. For the waiver of subscribed shares by employees or the undersubscribed portion, the chairman was authorized to designate specific parties for the subscription.

On November 4, 2022, Black-Scholes pricing model was used for the issuance of shares from cash capital increase reserved for employee subscription, and the inputs to the model were as follows:

	November 4, 2022
Grant-date share price (NT\$)	207
Exercise price (NT\$)	162
Expected volatility (%)	32.88
Expected life (in years)	0.041
Risk-free interest rate (%)	1.0012%

The Company recognized a compensation cost of \$76,619 thousand under the above share-based payment arrangement for the year ended December 31, 2022.

## 27. GOVERNMENT GRANTS

As of December 31, 2022, the Company received a preferential interest rate loan of \$1,799,000 thousand from the government's "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan". The amount was used in capital expenditure and operating turnover. The loan was expected to be repaid in installments between 2022 and 2027. Using the prevailing market interest rate at an equivalent loan rate of 1.35%-1.6%, the fair value of the loan was estimated at \$1,627,734 thousand on initial recognition. The difference of \$171,266 thousand between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan and has been recognized as deferred revenue. The revenue was transferred to other revenue over the period of the term.

If the Company fails to meet the key points in the agreement during the loan period and the National Development Fund terminates the grant, the Company shall pay the original interest rate plus the annual interest rate.

## 28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash) and equity (comprising ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Company reviews the capital structure on a quarterly basis. As part of this review, the key management personnel considers the cost of capital and the risks associated with each class. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the number of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

**29. FINANCIAL INSTRUMENTS**

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVTOCI				
Domestic listed company	\$ 1,468	\$ -	\$ -	\$ 1,468
Financial liabilities at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 5,858	\$ -	\$ 5,858
Redemption right and put option of domestic convertible bonds	\$ -	\$ 27,200	\$ -	\$ 27,200
<u>December 31, 2021</u>				
Financial assets at FVTOCI				
Domestic listed company	\$ 2,071	\$ -	\$ -	\$ 2,071
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 1,417	\$ -	\$ 1,417

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

2) Valuation techniques and inputs applied Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Foreign exchange forward contracts	Discounted cash flows.  Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Redemption right and put option of convertible bonds	Binomial tree pricing model of convertible bonds.  Pricing is based on the volatility of conversion price, risk-free interest rate, risk discount rate and number of years to maturity.

b. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 1,417
Financial assets at amortized cost (1)	11,834,306	9,434,174
Financial assets at FVTOCI	1,468	2,071
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	33,058	-
Financial liabilities at amortized cost (2)	17,588,705	16,161,272

- 1) The balances included financial assets at amortized cost, which comprise cash, notes receivable, accounts receivable and other receivables.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term bank loans, notes payable, accounts payable, other payables, bonds payable and long-term bank loans (including the current portion).

c. Financial risk management objectives and policies

The Company's major financial instruments included equity investments, accounts receivable, accounts payable, bonds payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risk arising on the export.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposes the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 33.

Sensitivity analysis

The Company is mainly exposed to the USD, EUR, JPY and RMB.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit with the relevant currency strengthen 1% against New Taiwan dollars. For a 1% weakening of the relevant currency against New Taiwan dollars, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>Currency Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
USD	\$ 49,550	\$ 37,551
EUR	13,882	9,233
JPY	(446)	472
RMB	4,305	323

This was mainly attributable to the exposure on outstanding receivables, payables in USD, EUR, JPY and RMB that were not hedged at the end of the year.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial liabilities	\$ 5,910,782	\$ 5,670,021
Cash flow interest rate risk		
Financial assets	928,475	610,837
Financial liabilities	4,676,083	5,499,000

Sensitivity analysis

The sensitivity analysis was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$11,690 thousand and \$13,748 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company's concentration of credit risk of 31% and 34% of total accounts receivable as of December 31, 2022 and 2021, respectively, was attributable to the Company's two largest customers.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized bank loan facilities of \$19,835,917 thousand and \$12,859,200 thousand, respectively.

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

	<b>Less Than 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>
<u>December 31, 2022</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 4,880,000	\$ -	\$ -
Payables	4,206,621	-	-
Lease liabilities	9,560	9,240	306,816
Other payables	978,822	-	-
Bonds payable	-	-	3,758,556
Long-term bank loans	<u>295,000</u>	<u>-</u>	<u>1,301,899</u>
	<u>\$ 10,370,003</u>	<u>\$ 9,240</u>	<u>\$ 5,367,271</u>

	Less Than 1 Year	1-2 Years	Over 2 Years
<u>December 31, 2021</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 9,100,000	\$ -	\$ -
Payables	4,664,189	-	-
Lease liabilities	7,870	7,566	302,416
Other payables	722,989	-	-
Long-term bank loans	-	-	1,674,094
	<u>\$ 14,495,048</u>	<u>\$ 7,566</u>	<u>\$ 1,976,510</u>

### 30. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed in the other notes, details of transactions between the Company and its related parties were disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
Giant Co., Ltd. (“Giant Japan”)	Subsidiary
Giant Benelux B.V. (“Giant Benelux”)	Subsidiary
Giant Bicycle Canada Inc. (“Giant Canada”)	Subsidiary
Giant Bicycle Company Pty. Ltd. (“Giant Australia”)	Subsidiary
Giant Bicycle Inc. (“Giant USA”)	Subsidiary
Giant Mexico	Subsidiary
Giant Deutschland GmbH (“Giant Germany”)	Subsidiary
Giant Europe B.V. (“Giant Europe”)	Subsidiary
Giant Italia S.R.L. (“Giant Italy”)	Subsidiary
Giant Korea Co., Ltd. (“Giant Korea”)	Subsidiary
Giant Polska Sp. ZO. O. (“Giant Polska”)	Subsidiary
Giant France	Subsidiary
Giant U.K. Ltd. (“Giant UK”)	Subsidiary
Giant Europe Manufacturing B.V. (“Giant Europe Mfg.”)	Subsidiary
Giant Manufacturing Hungary Ltd. (“Giant Hungary Mfg.”)	Subsidiary
Giant Vietnam Mfg.	Subsidiary
Giant (China) Co., Ltd. (“Giant China”)	Subsidiary
Giant (Tianjin) Co., Ltd. (“Giant Tianjin”)	Subsidiary
Giant Sales	Subsidiary
Giant (Chengdu) Co., Ltd. (“Giant Chengdu”)	Subsidiary
Giant (Kunshan) Co., Ltd. (“Giant Kunshan”)	Subsidiary
Giant Holding	Subsidiary
Giant Adventure Co., Ltd. (“Giant Adventure”)	Subsidiary
Giant Electric Vehicle (Kunshan) Co., Ltd. (“Giant Electric Vehicle”)	Subsidiary
YouBike	Subsidiary
D. Mag New Material Technology Co., Ltd. (“D. Mag”)	Subsidiary
AIPS	Subsidiary
Microprogram	Associate
Cycling Life-style Foundation	Other

b. Sales revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Sales	Giant Europe	\$ 7,702,231	\$ 2,339,708
	Giant Europe Mfg.	4,656,415	4,497,955
	Giant USA	3,242,896	2,981,578
	Subsidiaries	8,697,319	11,963,284
	Others	<u>23</u>	<u>-</u>
		<u>\$ 24,298,884</u>	<u>\$ 21,782,525</u>

The products sold to related parties are own branding and manufacturing (OBM) products. The Company decided the price and gross profit ratio by type of products sold. The OBM pricing strategy also differed from that for original equipment manufacturing products.

The unrealized gain on transactions with subsidiaries in China was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Giant Electric Vehicle	\$ 49,501	\$ 16,849
Giant Kunshan	18,226	2,147
Giant China	9,056	8,701
Giant Tianjin	<u>299</u>	<u>895</u>
	<u>\$ 77,082</u>	<u>\$ 28,592</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Giant Electric Vehicle	\$ 3,495,933	\$ 2,615,817
Subsidiaries	1,591,348	1,997,051
Associates	<u>131,343</u>	<u>148,305</u>
	<u>\$ 5,218,624</u>	<u>\$ 4,761,173</u>

The prices of the purchases from related parties are based on specific diversity of products and related market trends.

The unrealized gain on transactions with subsidiaries in China was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Giant Electric Vehicle	\$ 106,190	\$ 95,213
Giant Kunshan	16,398	13,348
D. Mag	8,269	12,742
Giant China	<u>278</u>	<u>1,646</u>
	<u>\$ 131,135</u>	<u>\$ 122,949</u>

d. Operating costs

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 163,382	\$ 140,428
Associates	<u>20</u>	<u>-</u>
	<u>\$ 163,402</u>	<u>\$ 140,428</u>

e. Operating expense

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 9,225	\$ 10,572
Associates	<u>850</u>	<u>223</u>
	<u>\$ 10,075</u>	<u>\$ 10,795</u>

f. Royalty income

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Giant Kunshan	\$ 118,256	\$ 111,915
Giant Tianjin	54,469	37,748
Giant Electric Vehicle	27,226	24,106
Giant China	18,493	17,721
Giant Chengdu	<u>14,434</u>	<u>9,655</u>
	<u>\$ 232,878</u>	<u>\$ 201,145</u>

Due to the provision of the right to use the relevant trademarks, the Company collects royalties for the use of trademarks from certain subsidiaries. The royalties are calculated at 1.5% of the revenue of each subsidiaries' sales of the Company's trademarked products.

g. Management service income

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Giant Japan	<u>\$ 9,556</u>	<u>\$ 20,368</u>

The Company has signed a management service contract with its subsidiaries for provided services such as marketing management consulting. Management service income is calculated at 1% of the net sales per month.

h. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2022	2021
Accounts receivable	Giant Europe Mfg.	\$ 2,563,473	\$ 1,948,009
	Giant Europe	1,367,385	579,110
	Giant USA	1,282,355	761,429
	Subsidiaries	<u>1,773,143</u>	<u>2,094,083</u>
		<u>\$ 6,986,356</u>	<u>\$ 5,382,631</u>
Other receivables	Subsidiaries	<u>\$ 107,614</u>	<u>\$ 82,197</u>

i. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2022	2021
Accounts payable	Giant Electric Vehicle	\$ 577,905	\$ 787,975
	Subsidiaries	273,765	482,377
	Associates	<u>41,166</u>	<u>35,539</u>
		<u>\$ 892,836</u>	<u>\$ 1,305,891</u>
Other payables (excluding loans from related parties)	Subsidiaries	<u>\$ 67,401</u>	<u>\$ 66,425</u>

j. Acquisition of property, plant and equipment

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiaries	<u>\$ 998</u>	<u>\$ 1,036</u>

k. Loans from related parties

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiaries	<u>\$ -</u>	<u>\$ 262</u>

The Company obtained loans from related parties at rates of 0.59%-0.72% on December 31, 2021, and the rates were comparable to market interest rates.

l. Endorsements and guarantees, refer to Table 2.

m. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 286,286	\$ 276,290
Post-employment benefits	945	945
	<u>\$ 287,231</u>	<u>\$ 277,235</u>

The remuneration of directors and key executives, as determined by the remuneration committee was based on the performance of individuals and market trends.

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Company on December 31, 2022 were as follows:

- The Company had a commitment to acquire property, plant and equipment for \$102,122 thousand.
- Product liability

The contract period of the existing product liability insurance policy (the “policy”) of the Company is from August 1, 2022 to August 1, 2023. The policy covers all products manufactured by the Company that are sold all over the world. The maximum indemnity for claims arising from one originating cause is US\$10,000 thousand.

### 32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to expand the Company’s business into Indoor Cycling territories in linking an ecosystem, On January 20, 2023, the board of directors of the Company resolved to invest in Stages Cycling, Inc. through its 100% owned subsidiary Gaiwin and sub-subsidiary Gaiwin US I Investment Inc. to expand the Company’s business in the field of indoor cycling for building a cycling ecosystem in the future. The Company acquired a 32.5% ownership interest in Stages Cycling, Inc. for a consideration of US\$6,500 thousand, and the Company also acquired the convertible bonds of Stages Cycling, Inc. for a consideration of US\$13,500 thousand.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2022			December 31, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<b>Financial assets</b>						
<b>Monetary items</b>						
USD	\$ 207,601	30.708	\$ 6,375,012	\$ 177,713	27.690	\$ 4,920,873
EUR	49,614	32.731	1,623,916	35,343	31.291	1,105,918
JPY	521,231	0.2326	121,238	502,566	0.2402	120,716
RMB	162,917	4.4113	718,676	117,326	4.3419	509,418

(Continued)

	December 31, 2022			December 31, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<b>Non-monetary items</b>						
<b>Investments accounted for using the equity method</b>						
USD	\$ 315,270	30.708	\$ 9,681,312	\$ 335,128	27.690	\$ 9,279,694
EUR	346,778	32.731	11,350,374	313,351	31.291	9,805,066
RMB	950,872	4.4113	4,194,581	943,406	4.3419	4,096,175

#### Financial liabilities

<b>Monetary items</b>						
USD	46,243	30.708	1,420,030	42,102	27.690	1,165,804
EUR	7,202	32.731	235,729	5,838	31.291	182,677
JPY	712,828	0.2326	165,804	306,039	0.2402	73,511
RMB	65,326	4.4113	288,173	109,891	4.3419	477,136

(Concluded)

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.807 (USD:NTD)	\$ 555,955	28.024 (USD:NTD)	\$ (73,097)
JPY	0.2272 (JPY:NTD)	(41,484)	0.2545 (JPY:NTD)	(11,621)
EUR	31.324 (EUR:NTD)	98,833	33.041 (EUR:NTD)	(98,573)
RMB	4.4191 (RMB:NTD)	<u>17,440</u>	4.3281 (RMB:NTD)	<u>9,899</u>
		<u>\$ 630,744</u>		<u>\$ (173,392)</u>

### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- Financing provided to others. (Table 1)
- Endorsements/guarantees provided. (Table 2)
- Marketable securities held (excluding investment in subsidiaries and associates). (Table 3)
- Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital. (None)
- Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital. (None)
- Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital. (None)

- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 4)
  - 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 5)
  - 9) Trading in derivative instruments. (Note 7)
  - 10) Information on investees. (Table 6)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, the ending balance of carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 8)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 8)
    - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (None)

TABLE 1

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

FINANCING PROVIDED TO RELATED ENTITIES FOR THE YEAR ENDED DECEMBER 31, 2022 (in Thousands of New Taiwan Dollar and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Notes 6 and 7)		Ending Balance (Note 6)	Actual Borrowing Amount (Notes 7 and 8)	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
					USD	RMB								Item	Value		
0	Giant	Giant Vietnam Mfg. APS	Loans receivable - related parties	Yes	\$ 614,160	(USD) 20,000	\$ 614,160	\$ -	-	2	-	Operating Capital	\$ -	-	-	\$ 3,335,579 (Note 3)	\$ 13,342,317 (Note 3)
1	Giant China	Giant Kunshan	Loans receivable - related parties	Yes	200,000	(RMB) 200,000	200,000	-	-	2	-	Operating Capital	-	-	-	3,335,579 (Note 3)	13,342,317 (Note 3)
		Giant Kunshan	Loans receivable - related parties	Yes	220,565	(RMB) 220,565	-	-	-	2	-	Operating Capital	-	-	-	2,029,198 (Note 3)	2,029,198 (Note 3)
		Quanzhou YouBike	Loans receivable - related parties	Yes	220,565	(RMB) 220,565	22,057	-	3.285%-3.85%	2	-	Operating Capital	-	-	-	2,029,198 (Note 3)	2,029,198 (Note 3)
		Huangshi Giant Adventure	Loans receivable - related parties	Yes	308,000	(RMB) 308,000	3,820	8,823	3.25%	2	-	Operating Capital	-	-	-	1,323,390 (Note 3)	1,323,390 (Note 3)
2	Giant Electric Vehicle	Giant Kunshan	Loans receivable - related parties	Yes	352,904	(RMB) 352,904	2,000	2,000	-	2	-	Operating Capital	-	-	-	1,323,390 (Note 3)	1,323,390 (Note 3)
		Putan YouBike	Loans receivable - related parties	Yes	80,000	(RMB) 80,000	-	-	4.00%	2	-	Operating Capital	-	-	-	1,323,390 (Note 3)	1,323,390 (Note 3)
		Quanzhou YouBike	Loans receivable - related parties	Yes	533,767	(RMB) 121,000	198,509	-	-	2	-	Operating Capital	-	-	-	1,323,390 (Note 3)	1,323,390 (Note 3)
3	Giant Jiangsu	Giant Kunshan	Loans receivable - related parties	Yes	105,871	(RMB) 105,871	-	-	-	2	-	Operating Capital	-	-	-	1,074,780 (Note 3)	1,074,780 (Note 3)
4	YouBike	Giant	Loans receivable - related parties	Yes	220,565	(RMB) 220,565	-	-	-	2	-	Operating Capital	-	-	-	86,689 (Note 3)	354,755 (Note 3)
5	D. Mag	Light Metal Malaysia	Loans receivable - related parties	Yes	50,000	(EUR) 50,000	-	-	-	2	-	Operating Capital	-	-	-	1,074,780 (Note 3)	1,074,780 (Note 3)
6	Gaiwin	Giant Hungary Mfg.	Loans receivable - related parties	Yes	6,617	(EUR) 6,617	6,617	6,617	3.35%	2	-	Operating Capital	-	-	-	1,074,780 (Note 3)	1,074,780 (Note 3)
		Giant Hungary Mfg.	Loans receivable - related parties	Yes	981,930	(EUR) 30,000	981,930	818,275	0.65%	2	-	Operating Capital	-	-	-	1,074,780 (Note 3)	1,074,780 (Note 3)

Note 1: 1) Giant is numbered 0.  
2) Subsidiaries are numbered starting from 1.

Note 2: The financing limit for each borrower is up to 10% of the net asset value of Giant.

Note 3: 1) Giant China, Giant Electric Vehicle and Giant Holdings: Up to RMB0.46 billion, RMB0.3 billion and RMB0.25 billion, respectively, for the financing limit for each borrower and the aggregate financing limit.  
2) YouBike: Up to 10% and 40% of the net asset value in the most recent financial statements and the financing limit for each borrower and the aggregate financing limit, respectively.  
3) The other subsidiaries: Up to US\$35,000 thousand for the financing limit for each borrower and the aggregate financing limit.

Note 4: The nature of financing provided could be:  
1) business relationship.  
2) short-term financial assistance.

Note 5: The aggregate financing limit is up to 40% of the net asset value of Giant.

Note 6: The ending balance amount has been approved by the board of directors.

Note 7: The ending balance and actual borrowing amount used are recorded using prevailing exchange rate at balance sheet date.



TABLE 2

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**  
**ENDORSEMENTS/GUARANTEES PROVIDED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(In Thousands of New Taiwan Dollars and Foreign Currencies)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Guaranteed During the Period (Notes 4 and 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 5 and 6)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given On behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Giant	Giant Hungary Mfg.	2	\$ 8,338,948 (EUR 61,000)	\$ 1,996,591 (EUR 61,000)	\$ 1,996,591 (EUR 61,000)	\$ 1,815,367 (EUR 55,463)	\$ -	5.99%	\$ 16,677,896	Y	N	N
1	Giant Sales	Giant Vietnam Mfg.	2	8,338,948 (USD 20,000)	614,160 (USD 20,000)	614,160 (USD 20,000)	-	-	1.84%	16,677,896	Y	N	N
2	Giant China	YouBike Giant Holding	4 4	1,500,000 1,074,780 (RMB 1,056)	714,125 4,658 (RMB 1,056)	221,625 4,658 (RMB 1,056)	221,625 4,658 (RMB 1,056)	-	38% 0.15%	1,500,000 1,074,780	N N	N N	N Y

Note 1: 1) Giant is numbered 0.  
2) Subsidiaries are numbered starting from 1.

Note 2: The relationship between endorser/guarantor and the endorsee/guarantee can be classified into the following seven categories:

- 1) A company with a business relationship.
- 2) A company in which Giant directly and indirectly holds more than 50% of the voting shares.
- 3) A company that directly and indirectly holds more than 50% of the voting shares in Giant.
- 4) Companies in which Giant directly or indirectly holds 90% or more of the voting shares.
- 5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for the purpose of undertaking a construction project.
- 6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction houses pursuant to the Consumer Protection Act.

Note 3: Up to 25% of the net asset value of Giant, up to \$1,500,000 thousand of Giant sales, and up to USD35,000 thousand of other subsidiaries.

Note 4: Up to 50% (excluding 50%) of the net asset value of Giant, up to \$1,500,000 thousand of Giant sales, and up to USD35,000 thousand of other subsidiaries.

Note 5: The ending balance amount has been approved by the board of directors.

Note 6: The ending balance and actual amount used are recorded using prevailing exchange rate at balance sheet date.

TABLE 3

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**  
**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2022**  
**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	December 31, 2022		
			Shares	Carrying Value	Fair Value
Giant	Domestic listed company Kuei Meng	-	10,484	\$ 1,468	\$ 1,468
D. Mag	Foreign unlisted company Chongqing Guochuang Light Alloy Research Institute Co., Ltd.	-	-	37,496	37,496



TABLE 5

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTD100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Financial Statement Account & Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Giant	Giant China	Investee of Growood	Accounts receivable - related parties \$ 124,578	6	\$ -	-	\$ 124,578	\$ -
	Giant Kunshan	Investee of Giant Holding	Other receivables - related parties 4,808	-	-	-	4,279	-
	Giant Electric Vehicle	Investee of Giant Holding	Accounts receivable - related parties 256,292	4	-	-	158,728	-
	Giant Europe Mfg.	Investee of Growood	Other receivables - related parties 32,750	-	-	-	29,831	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties 216,888	6	-	-	132,681	-
	Giant USA	Investee of Gaiwin	Other receivables - related parties 23,349	-	-	-	22,740	-
	Giant Canada	Investee of Gaiwin	Accounts receivable - related parties 2,563,473	2	-	-	278,472	-
	Giant Mexico	Investee of Gaiwin	Other receivables - related parties 2,372	-	-	-	93	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties 215,263	2	-	-	130,803	-
	Giant Europe	Investee of Gaiwin	Other receivables - related parties 1,653	-	-	-	804	-
	Giant UK	Investee of Giant Europe	Accounts receivable - related parties 1,367,385	8	-	-	425,623	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties 241,936	3	-	-	-	-
	Giant Canada	Investee of Gaiwin	Other receivables - related parties 744	-	-	-	-	-
	Giant Mexico	Investee of Gaiwin	Accounts receivable - related parties 1,282,355	3	-	-	652,723	-
	Giant Hungary Mfg.	Investee of Gaiwin	Other receivables - related parties 5,198	-	-	-	2,149	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties 155,700	6	-	-	-	-
	Giant	Parent company	Other receivables - related parties 525	-	-	-	-	-
	Giant	Parent company	Accounts receivable - related parties 130,982	2	42,945	-	6,987	-
	Giant Tianjin	Investee of Growood	Other receivables - related parties 2,736	-	-	-	-	-
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties 1,155	-	-	-	-	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties 106,785	2	-	-	-	-
	Giant Canada	Investee of Gaiwin	Accounts receivable - related parties 209,250	3	-	-	-	-
	Giant Kunshan	Investee of Giant Holding	Other receivables - related parties 2,849	-	-	-	-	-
	Giant Chengdu	Investee of Merdeka	Accounts receivable - related parties 141,951	4	-	-	-	-
	Giant Australia	Parent company	Accounts receivable - related parties 164	-	-	-	104	-
	Giant Europe Mfg.	Investee of Gaiwin	Accounts receivable - related parties 211,030	4	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Other receivables - related parties 2,297	-	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 197,371	5	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 577,905	5	-	-	-	-
	Giant Europe	Investee of Gaiwin	Other receivables - related parties 303	-	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 127,674	6	-	-	-	-
	Giant Europe	Investee of Gaiwin	Other receivables - related parties 7	-	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 285,939	3	-	-	-	-
	Giant Europe	Investee of Gaiwin	Other receivables - related parties 136	-	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 120,114	3	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 217,641	5	-	-	-	-
	Giant Europe	Investee of Gaiwin	Other receivables - related parties 36	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Financial Statement Account & Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Giant Electric Vehicle	Giant Canada	Investee of Gaiwin	Accounts receivable - related parties \$ 102,834	5	\$ -	-	\$ -	-
	Giant Benelux	Investee of Giant Europe	Other receivables - related parties 65	-	-	-	-	-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties 474,440	3	-	-	474,440	-
	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties 765,209	7	-	-	765,209	-
	Giant Italy	Investee of Giant Europe	Accounts receivable - related parties 879,944	6	-	-	879,944	-
	Giant Europe	Investee of Giant Europe	Accounts receivable - related parties 332,162	4	-	-	332,162	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 153,300	25	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Other receivables - related parties 727	-	-	-	-	-
	Giant Kunshan	Investee of Giant Holding	Loans receivable - related parties 818,275	-	-	-	-	-
	Giant Europe	Investee of Giant Holding	Accounts receivable - related parties 136,883	4	-	-	-	-
	Giant Europe	Investee of D. Mag	Accounts receivable - related parties 213,645	3	-	-	-	1,901
	Giant Europe	Investee of D. Mag	Other receivables - related parties 3,783	-	-	-	-	-

(Concluded)



Accumulated Outward Remittance for Investment in Mainland China as of DECEMBER 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 3,646,639	USD 178,000 and RMB 21,261	(Note 9)

Note 1: Reinvestment made in Mainland China through the investor's investment company in a third area.

Note 2: Investee of Giant.

Note 3: Investee of Growood.

Note 4: D. Mag was acquired by Giant Light Metal Technology (Kunshan) Co., Ltd. ("Giant Light Metal"), an investee of Darzins. Giant Light Metal merged with D. Mag in November 2020. After the merger, D. Mag was the surviving entity.

Note 5: The investment income (loss) is recognized according to the financial statements audited by Giant's independent auditors.

Note 6: Investee of Giant Holding.

Note 7: Investee of Giant China.

Note 8: Investee of Giant Kunshan.

Note 9: According to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, the investment in mainland China has no maximum limitation since the Company acquired the approval from the Industrial Development Bureau regarding the Company's establishment of an operating headquarter in Taiwan.

Note 10: Accumulated investment amount of Giant Light Metal was \$54,370 thousand. Chuansin Kunshan merged with Giant Light Metal in December 2011. Accumulated investment amount of Chuansin Kunshan was \$221,555 thousand.

Note 11: Investee of D. Mag.

TABLE 8

**GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES**

**SIGNIFICANT DIRECT OR INDIRECT PURCHASES/SALES TRANSACTIONS WITH THE INVESTEE COMPANY IN MAINLAND CHINA, PRICES, PAYMENT TERMS, AND UNREALIZED GAIN OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars)

Counterparty	Nature of Relationship	Purchase/Sales	Amount (Note)	Trade Condition		Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss) (Note)	
				Prices	Payment Terms	Abnormal Transaction	Ending Balance		% to Total
Giant China	Giant directly or indirectly holds more than 50% of shares	Sales	\$ 576,823	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	\$ 124,578	1	\$ 9,056
Giant Electric Vehicle	Giant directly or indirectly holds more than 50% of shares	Purchase	3,495,933	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(577,905)	(14)	106,190
Giant Kunshan	Giant directly or indirectly holds more than 50% of shares	Sales	1,071,907	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	216,888	2	49,501
Giant Kunshan	Giant directly or indirectly holds more than 50% of shares	Purchase	888,544	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(197,642)	(5)	16,398
Giant Tianjin	Giant directly or indirectly holds more than 50% of shares	Sales	761,878	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	256,292	2	18,226
Giant Tianjin	Giant directly or indirectly holds more than 50% of shares	Purchase	128,153	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(4,504)	-	-
D. Mag	Giant directly or indirectly holds more than 50% of shares	Sales	262,586	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	62,726	1	299
D. Mag	Giant directly or indirectly holds more than 50% of shares	Purchase	467,975	Depending on specific diversity of products and related market trends	T/T 60 days	No material difference	(61,021)	(1)	8,270

# **Giant MFG. Co., Ltd.**

**Chairman: Bonnie Tu**

# RAISE THE BAR

