

ANNUAL REPORT

2020

GIANT MANUFACTURING CO., LTD.

Stock Code:9921

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

Company website: <http://www.giant-bicycles.com>

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One. Letter to Shareholders

I. LETTER TO SHAREHOLDERS

i. 2020 Business Report

In 2020, the spread of COVID-19 across the globe brought enormous impact onto the global economy as well as volatile changes to the business environment for cycling industry. From the shutdown of factories in China early in the year to the slump due to lockdowns in Europe, followed by the explosive demand worldwide for bikes driven by the pandemic, bicycles have suddenly become one of the most in-demand commodities. Despite challenges from rapid changes in the market, entities ranging from manufacturing to sales within the Giant Group had worked together and achieved the best ever results by flexibly pacing our business under the adverse exchange rate movements as well as shortage in labor, materials and containers. Not only did our revenue hit another record high with NT\$70.01 billion, net income also rewrote our history with an EPS of NT\$13.19 in 2020.

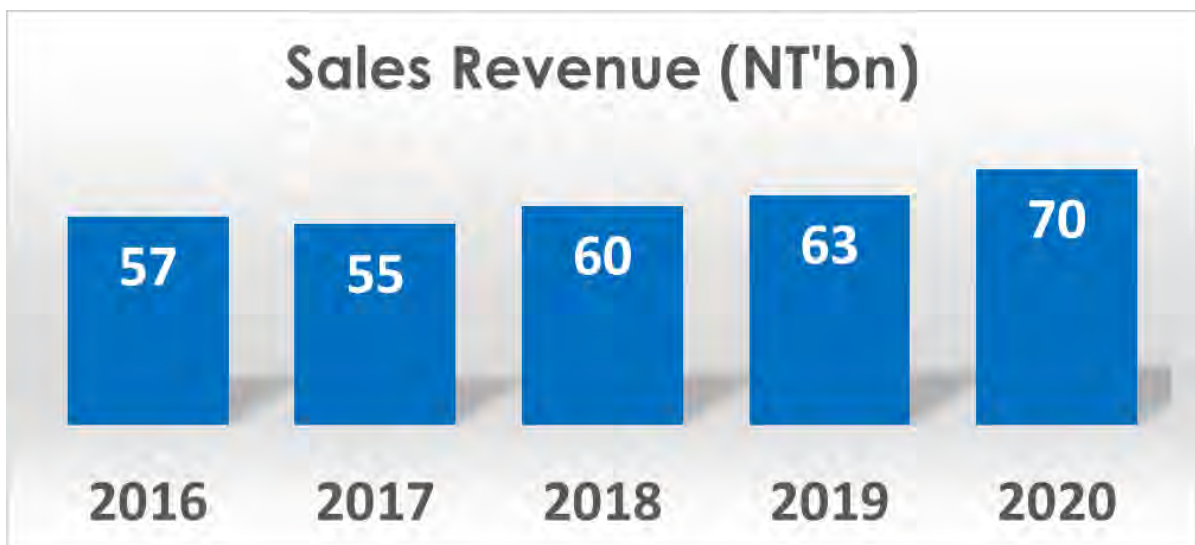
In addition to surging sales, even with the pandemic wreaking havoc on travels and working hours, we have managed to achieve vital strategic objectives of commencing the production and sales at the Hungary factory as well as the operation of logistic center in the Netherland. They boosted our supply capacity in the European market and expanded our presence in the local supply chain. Also, we extended the innovation and applications of smart products and indoor cycling through the establishment of our subsidiary, AIPS Technology Co., Ltd. (AIPS Technology). The Cycling Culture Museum next to our Headquarters in Taichung was officially open to the public, denoting a new chapter in our mission of promoting cycling culture.

We will press ahead with the transformation and upgrade within the Giant Group, drive ERP integration and upgrade as well as automated production, and ultimately accomplish the goal of Industry 4.0. The execution of major projects will enhance our internal competitiveness and fortify the Company against changes in the environment for sustainable growth.

Financial Performance

The Giant Group generated consolidated revenue of NT\$70.01 billion in 2020, a growth of 10.3% and rewrote the Group history. The primary growth momentum was the robust market

demand and rapid growth of E-bikes. In particular, the outstanding sales of our proprietary brands in the three major markets: Europe, U.S. and China, led to a surging utilization rates of factories. Gross margin continued its upward trend to reach 23.1% in 2020. As revenue and gross margin increased, the consolidated income before income tax came to NT\$6.83 billion, a year-over-year growth of 42.1%. Net income attributable to shareholders of the parent was NT\$4.95 billion with a net margin of 7.1%. The parent company only sales revenue was NT\$28.01 billion with income before income tax of NT\$5.78 billion, net income attributable to shareholders of the parent of NT\$4.95 billion, and earnings per share of NT\$13.19 for the year ended December 31, 2020.



Technology Development

In line with the Group vision of “Raise the Bar – Driving the Evolution of Cycling World”, the Giant Group has persistently invested in the research and development of bike components, E-bike and related fields. Upholding the spirit of One & Only, we initiated cycling trends with innovations as well as enhanced the overall product value.

The Group’s strengths in R&D and innovation are crucial for Giant/Liv to outperform others in the fiercely competitive E-bike market. Giant also taps into the IoT segment and applies the concept to E-bikes. On top of hardware including SyncDrive motors, EnergyPak battery systems, RideControl control units and screens, E-bike can be connected to its exclusive RideControl App and the Service Platform where inspection services are offered, allowing consumers to enjoy a complete cycling experience from riding, social networking to after-sales services.

The high-end component brand of CADEX is also a demonstration of our strong R&D strength and technical skills. Combining years of efforts from engineers, biomechanics specialists and members of first-class professional cycling teams, we rolled out brand new lightweight carbon wheelsets, competition-level tubeless tires, and ultra-light weight carbon saddles. Ultralight performance is achieved through the application of cutting-edge technologies, allowing us to tap into the high-end component market and gain momentum for revenue and profit growth.

As the gravel bike trend continues in the European and U.S. markets, relevant apparels will be introduced in the foreseeable future while advancements on the technology and designs of waterproof Diversion series will be made. The booming demand for indoor training accelerates the developments of relevant products so that cyclists unable to enjoy outdoor rides due to the pandemic can still share the joy of riding. As scientific training becomes increasingly popular, power-related products are gaining sophistication. Their accuracy and universal usability will be greatly improved.

Brand Development and Marketing

The Giant Group was positioned as the Group brand, separated from the four major product brands: Giant, Liv, Momentum and CADEX. The corporate goal of driving the evolution of cycling world is developed under the Giant Group. Next, we will pool resources to build brand images, support the development of each brand and forge strong brand mix synergies. In 2020 Top 20 Taiwan Global Brand Survey, the Giant Group ranked fifth with a brand value of US\$562 million and remained the No. 1 cycling brand.

As consumers turn to online searches and social media, the Giant Group also pours more

resources into digital marketing. We introduced consumer data platform by stages in 2020 to profile end-customers in different markets as well as understand consumers from micro and macro perspectives. As for e-commerce, we took the initiative to facilitate the introduction of online sales platforms in more subsidiaries. Due to COVID-19, consumption pattern has changed to more frequent online browsing and purchases. Subsidiaries proposed e-commerce strategies in response to local market demand while working closely with distributors, offering options such as Click & Collect as well as home delivery services.

Corporate Development and Future Prospects

Giant has its own comprehensive supply chain covering R&D, production and sales. With this foundation, we will continue to provide innovative products and quality services to lead the cycling trend. We hold fast to the strategy of expanding our global presence and businesses with the base in Taiwan. The commencement of production in our Hungary factory and operation of the logistics center in the Netherlands allow the Giant Group to simultaneously possess high-end manufacturing capabilities in Taiwan, production capacities in China and local supply competence in Europe. We will continue to set the strategic goals of smart manufacturing and short supply chain.

The future is still full of challenges. Anti-globalization and unequal tariff will continue to affect the manufacturing and supply while trade protectionism and regional economic changes have their influence on the Group's long-term strategies. The shortage in supply will drive up the costs of materials and transportation. On the other hand, new lifestyles stemming from COVID-19 and a greater emphasis on low-carbon life will see a rise in cycling population, injecting new energy for the growth of cycling industry. The booming demand in the market creates a golden opportunity for our continuous transformation and upgrades. With our persistence on competitiveness enhancement, we will create a new atmosphere within the Company and align ourselves with future objectives. Setting the goal of forming a Giant ecology, the cycling culture will infiltrate people's lives through our arrangements in Rider, Bike, Store, Riding and Network. By integrating online and offline experience, we no longer limit ourselves to selling products but also rendering services.

As the Group pursues profitability and stable growth, the increasing eco-awareness and issues concerning climate change draw our attention to relevant topics of environmental, social and governance (ESG). We will uphold our commitment to sustainability and contribute to global sustainability.

ii. Overview of 2021 Business Plans

The Giant Group will carry on 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 three bike brands: Giant, Liv and Momentum, plus our high-end carbon-composite components under the brand of CADEX for worldwide distribution.

Manufacturing Strategy

The Group currently has manufacturing facilities in Taiwan, China and Europe to meet sales demand worldwide. Capacities at each site will be flexibly adjusted by adopting the strategies of short supply chain with prompt response to market demand. With logistics centers in Taiwan and the Netherlands, we can speed up the process between production and sales to secure business opportunities ahead of competitors. The completion of our new Hungary factory in 2020 injects new capacity to our supply in Europe. We will gradually ramp up the production for additional supply.

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 which boost both production efficiency and product quality. Besides, the introduction of new ERP system streamlines factory processes and lays the foundation for continuous improvement as well as finer quality. We aim to create stronger competitive advantages with optimal production effectiveness, inventory efficiency enhancement and waste reduction. We will persist on the introduction of SAP ERP, automated production and operation of logistic centers.

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. One of the examples being our high-end component brand, CADEX, where we demonstrated its strength and improved product visibility through impressive results

achieved by our sponsored athletes at major international and regional competitions, which consequently fuels our sales of high-end components. At the same time, we initiate Giant Retailing Partner (GRP) transformation at channels through the rollout of Giant Retailing Academy and create differential consumer experience. Local Service Centers are established with GRP where necessary.

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 center attend to the functionality and materials of products, R&D of engineering technology as well as outward design of products, and continuously launch quality and attractive models. With designs emerge from the concept of intelligence, we explore multifaceted applications to service customers. We also build up innovation capacity internally, including the establishment of AIPS Technology to strengthen the applications and production of innovative smart products which extend to include indoor cycling. We will incorporate IoT into E-bike in 2021 and reinforce the connections between Rider, Bike and Store for a more comprehensive after-sales and consumer experience.

Macroeconomic Environment and Market Development Status

COVID-19 brings volatile swings to global economy and fluctuations in exchange rates. The consequential operating risks, plus the integration of regional economy and trade protectionism raised challenges to global business strategies. However, for the overall development of cycling industry, the rising eco-awareness, the need for pandemic prevention, promotion of cycling by governments as well as the rapid growth in E-bike and smart products all contribute to the shortage of bikes post-pandemic, which is a sharp contrast to the sagging sales in U.S. and Europe few years ago.

Bike sales in the U.S. market rises due to the pandemic. The Giant Group capitalizes on sales boom and the trend of Gravel model while continuing to expand in the U.S. market through distribution channels well-maintained over the years coupled with online sales. On top of traditional bikes, the sales of E-bike have shown drastic increase.

The flourishing demand for E-bikes boosts sales in the European market. With the promotion of green policy and the rise of eco-awareness, European governments encourage the public to embrace an E-bike living, which not only improves traffic condition but also ameliorates the

wellness of the mind and the body. The prospects of E-bike remain positive for the next five years. In contrast to traditional bike companies, we have foreseen the trend thirteen years ago and progressively built a solid foundation for E-bike development. We are now one of the few industry players with in-house R&D capability for electronic-controlled components. We will seek more cross-sector collaborations in the future in order to explore further diversity in E-bike product lines to expand our market share. The continuous improvement in infrastructure and increasing subsidies during the pandemic further promote bike sales in Europe, where not only E-bike, but commuter and leisure models are also gaining popularity.

After the collapse of bike-sharing, the demand in China has rebounded. Moreover, not only does the government promote cycling activities, consumers are willing to take on bikes for leisure or exercise after the pandemic. Consequently, along with a pickup in the sales of commuter bikes, there is a steady growth in high-end models. Our efforts in accelerating channel transformation and store upgrade in China have laid a sound foundation for the growth of domestic sales.

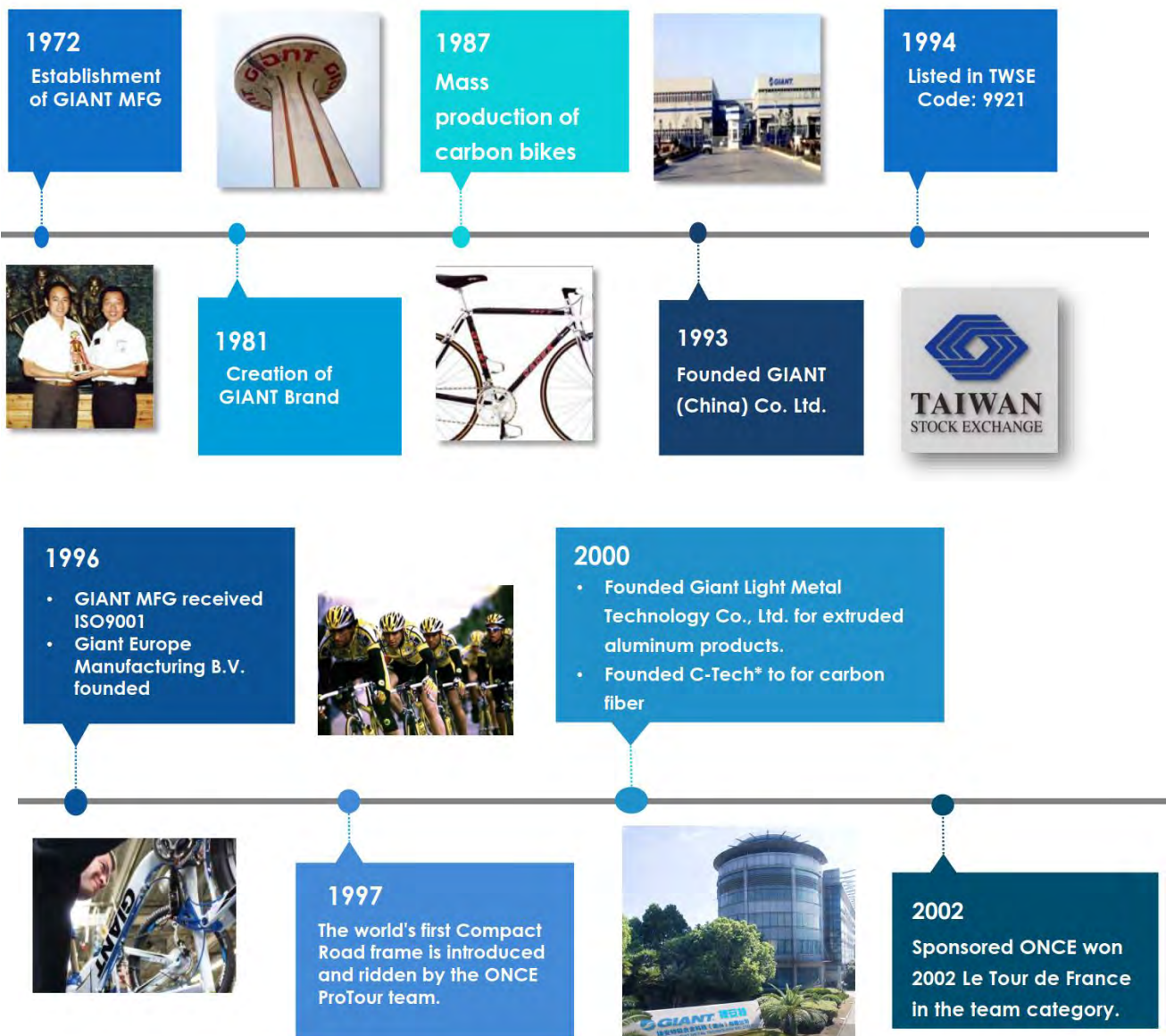
Advantages of Cycling Industry

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 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. The rise of bike-sharing in China also prompts local governments to consider a cycling environment. The Giant Group has collaborated with local governments of Taiwan and China on YouBike systems, which receive positive reviews and seamlessly blend into people's lives. Popularity of YouBike is evidenced by over 400 million rides in Taiwan alone, which contributed to environmental protection by cutting carbon dioxide emission of around 70 million kilograms in 2020. We will lead by example and push forward the transformation and upgrade of cycling industry in Taiwan, maintain our competitive edge and establish the benchmark of E-components integration. Leveraging the existing advantages of information and communication technology as well as accelerating the creation of a cycling ecology with AIoT products are important tasks for industry development in Taiwan for the next few years.

Two. Company Overview

- (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.

The Company History



* C-Tech was later merged into Giant Manufacturing on January 1, 2017

2004

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

2007

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



2005

Founded "Giant Electric Vehicle (Kunshan) Co., Ltd." to start e-bike production



2009

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

2010

Founded GIANT (Kunshan) Co., Ltd.



2012

YouBike operates in Taipei



2011

Organized "One Bike One" event with more than 110,000 people cycled all over Taiwan and set new Guinness World Record.



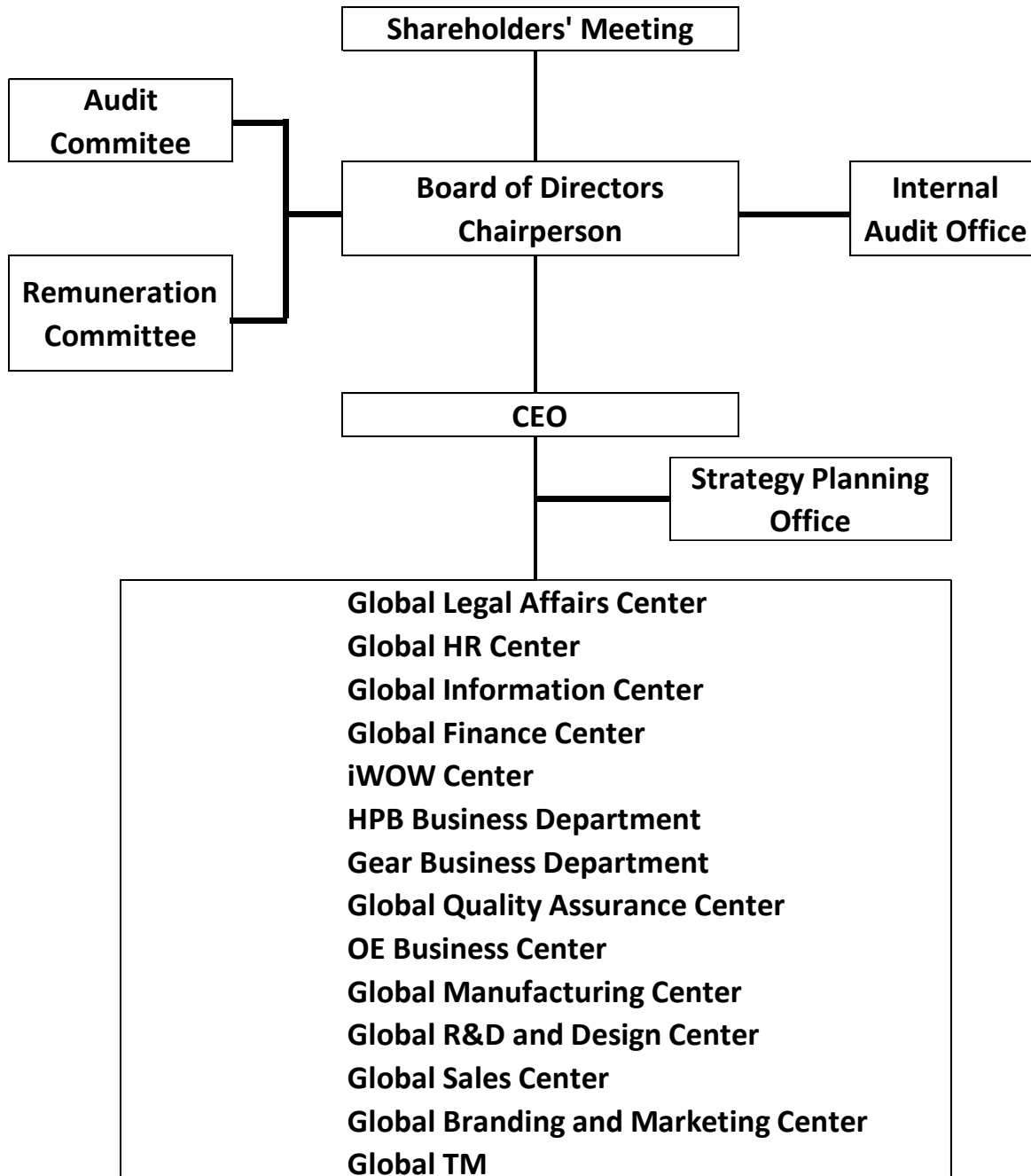
2014

Official launch of female brand Liv

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.
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. Reception service, dormitory management, sundry procurement, repair, building management and general affairs.
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 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.
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.

Main departments	Main duties
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	Promotes proprietary brand and establish sales/distribution networks in emerging markets (e.g., Central/South America, Southeast Asia, The Middle East and Africa), 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 and general affairs policies; 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, 2021

Title (Note 1)	Nationality or place of registration	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	1972.07.30	2018.06.22	3 years	16,516,348	4.40	8,332,348	2.22	57,214	0.02	-	-	Tamkang College of Sciences & Literatures The Company - Executive Vice President, CFO, and head of Liv Business Segment	The Company - Chairperson Huei De Company - Director Yuan Hsin Investment - Chairperson	-	-	-	None
Director	Taiwan	LIU, YUON-CHAN (Young Liu)	Male	1997.07.30	2018.06.22	3 years	13,297,162	3.55	13,297,162	3.55	-	-	-	-	MBA, Roosevelt University The Company - COO GIANT (China) Co. Ltd. - CEO	The Company - CEO Giant Group Greater China Region- President Giant Investment Co., Ltd. – GM D. Mag Technology Company – Director AIPS Technology Co., Ltd.– Director	Director	LIU, CHIN-PIAO (King Liu)	Father and son	None
Director	Taiwan	Yuan Hsin Investment Co. Ltd.		2006.07.30	2018.06.22	3 years	4,076,217	1.09	4,204,217	1.12	-	-	-	-	-	-	-	-	-	None
Director	Taiwan	LIU, CHIN-PIAO (King Liu)	Male	1972.07.30	2018.06.22	3 years	13,703,498	3.65	13,703,498	3.65	885,780	0.24	-	-	Taichung Industrial High School The Company - Chairman Chinese National Association of Industry and Commerce -	The Company - founder Huei De Company - Chairman YouBike - Chairman Cycling Life-Style	Director	LIU, YUON-CHAN (Young Liu)	Father and son	None
																Director	YANG, HUAI-CHING	Son in Law		

Title (Note 1)	Nationality or place of registration	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	
															Managing Director	Foundation - Chairman				
Director	Taiwan	LO, SHAING-AN (Tony Lo)	Male	1979.07.30	2018.06.22	3 years	293,476	0.08	293,476	0.08	4,302	-	-	-	Department of Commerce, National Taiwan University The Company - CEO Taiwan Bicycle Association - Chairman	Huei De Company - Director Cycling Life-Style Foundation - Director	-	-	-	None
Director	Taiwan	CHIU,TA-PENG	Male	1997.07.30	2018.06.22	3 years	4,491,928	1.20	4,491,928	1.20	1,000,046	0.27	-	-	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	2018.06.22	3 years	4,689,764	1.25	4,749,764	1.27	-	-	-	-	Kaohsiung Medical University School of Medicine Pharmigene Inc. - Director Mackay Memorial Hospital - Chief Physician	Huai-Ching Yang ENT Clinic - Chief Physician	Director	LIU, CHIN-PIAO (King Liu)	Father in law	None
Director	Taiwan	CHIU, TA-WEI	Male	2018.06.22	2018.06.22	3 years	1,033,772	0.28	1,033,772	0.28	624,154	0.17			Chung Yuan Christian University School of Department of Chemical Engineering Yungshin Pharm Ind. Co. Ltd - Technician	Huei De - Director Lian Wei Company - Chairmen				None
Independent Director	Taiwan	WU, CHUNG-YI	Male	2015.06.25	2018.06.22	3 years	-	-	-	-	-	-	-	-	Postgraduate study in Advanced Business Administration,	GSK Corporation – Chairmen Fine Blaning & Tool - Chairmen	-	-	-	None

Title (Note 1)	Nationality or place of registration	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	
															University of California, Los Angeles Taiwan Transportation Vehicles Manufacturers Association - Director 26th Model of Entrepreneurs					
Independent Director	Taiwan	CHEN, HONG-SO (Hilo Chen)	Male	2015.06.25	2018.06.22	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	2018.06.22	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: Any disruption of duty as a director or supervisor after the date first elected is addressed in a separate remark.

Note 3: 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.

Note4: 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.

● Director's main expertise

Gender/item Name of director	Gender	Operational decision making	Accounting and financial analysis	Business administration	Crisis management	Industry knowledge	International business	Leadership and decision making
THO, TU HSIU-CHEN (Bonnie Tu)	Female	√	√	√	√	√	√	√
LIU, YUON-CHAN (Young Liu)	Male	√		√	√	√	√	√
Yuan Hsin Investment Co. Ltd.		√					√	√
LIU, CHIN-PIAO (King Liu)	Male	√		√	√	√	√	
LO, SHANG-AN (Tony Lo)	Male	√		√	√	√	√	
CHIU, TA-PENG	Male		√	√		√	√	√
YANG, HUAI-CHING	Male			√		√		
CHIU, TA-WEI	Male			√			√	√
WU, CHUNG-YI (Independent Director)	Male	√		√	√		√	√
CHEN, HONG-SO (Hilo Chen) (Independent Director)	Male	√		√	√		√	√
LO, JUI-LIN (Independent Director)	Male	√	√		√			

*The Company stresses the importance of board diversity in Article 20 of the "Corporate Governance Principles". Core competence of each director is listed in "Director's main expertise" above. We have three directors with financial expertise, two directors with financial expertise and cycling industry knowledge, six directors with cycling industry knowledge, and four directors possessing business administration skills and other expertise of different industries (including information, auto parts and healthcare industries). Their individual backgrounds offer different recommendations to our operation, achieving diversity and satisfying needs for business developments. °

*There are 18% of BOD who are employees, 27% of BOD are independent, 9% is female, 9% is corporate shareholders.

*3 of BOD are above 70 years-old, 5 of BOD are between 60 to 70 years-old and 3 of BOD are under 60 years-old

● Major shareholders of corporate shareholders as of March 30, 2021

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Yuan Hsin Investment Co. Ltd.	THO, TU HSIU-CHEN (Bonnie Tu), THO, TZU-SING

Note 1: For representatives of corporate shareholders, the name of the corporate shareholder and its shareholders with more than 10% ownership or those in the top-10 are listed.

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 is specified in Table 2 below.

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

Directors' and supervisors' expertise and independence

Name (Note 1)	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)												Number of positions as independent director in other public companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject 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	9	10	11	12	
THO, TU HSIU-CHEN (Bonnie Tu)			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	0
LIU, YUON-CHAN (Young Liu)			✓					✓	✓	✓	✓	✓		✓	✓	0
Yuan Hsin Investment Co. Ltd.			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓		0
LIU, CHIN-PIAO (King Liu)			✓	✓				✓	✓	✓	✓	✓		✓	✓	0
LO, SHAIING-AN(Tony Lo)			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
CHIU, TA-PENG			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	0
YANG, HUAI-CHING			✓	✓	✓			✓	✓	✓	✓	✓		✓	✓	0
CHIU, TA-WEI			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
WU, CHUNG-YI (Independent Director)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
CHEN, HONG-SO (Hilo Chen) (Independent Director)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
LO, JUI-LIN (Independent Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note 1: Adjust the number of columns as needed.

Note 2: A “✓” is placed in the box if the director or supervisor met the following conditions at any time during active duty and two years prior to the date elected.

- (1) Not employed by the Company or by any of its affiliated companies.
- (2) Not a director or supervisor of any of the Company's related 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, relative of second degree, or direct kin of third degree or closer to persons described in three preceding criteria.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's total number of issued shares, ranks among the Company's top five shareholders, or appoints representatives to be the Company's directors or supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company or subsidiaries, or subsidiaries of the same parent company pursuant to the Securities and Exchange Act or local laws and regulations.)
- (6) Not a director, supervisor, or employee of a company which owns the majority of the Company's directorships or voting rights. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company or subsidiaries, or subsidiaries of the same parent company pursuant to the Securities and Exchange Act or local laws and regulations.)
- (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. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company or subsidiaries, or subsidiaries of the same parent company pursuant to the Securities and Exchange Act or local laws and regulations.)
- (8) 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.
- (9) Not a professional individual, nor an owner, partner, director, supervisor, or managerial officer, and the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing service or commercial, legal, financial, or accounting services with a cumulative compensation not exceeding NT\$500 thousand in the past two years to the Company or any of its affiliate. However, this requirement does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Acquisition who 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 relative of second degree or closer to any other directors.
- (11) Does not meet any of the conditions stated in Article 30 of The Company Act.
- (12) Not elected as a government or corporate representative according to Article 27 of the Company Act.

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

March 30, 2021

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	13,297,162	3.55	-	-	-	-	MBA, Roosevelt University The Company - COO	CEO of Greater China Region Giant Investment Co., Ltd., - President CEO D. Mag Technology Co., Ltd – Director AIP Technology Co., Ltd. –Chairman	Global head of CMO	LIU, SU- JYUAN (Phoebe Liu)	Brother and sister	None
Head of Global Manufacturing Center	Taiwan	YEN,CHING-HSIN	Male	2016.10	-	-	46,000	0.01	-	-	Department of Industrial Engineering and Enterprise Information, Tunghai University Taiwan Plant President CEO	Giant (China) Co., Ltd., Giant (Tianjin) Co., Ltd, Giant Kunshan, and D. Mag Technology Co., Ltd. – Director	-	-	-	-
Head of Global R&D center	Taiwan	CHANG,SHENG- CHANG	Male	2016.10	62,560	0.02	-	-	-	-	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, US, France, Australia, Poland, Netherlands, Korea and Germany - Director	-	-	-	-
Chief Operating Officer of HPB Division	Taiwan	CHEN,GUEI-YAO	Male	2021.01	9,843	-	257	-	-	-	Electronic,Minghsin 5-year College Giant Electric Vehicle (Kunshan) Co., Ltd.- President	None	-	-	-	-

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								The sum of A, B, C, and D as a percentage of net income (Note 10)		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
		Compensation (A) (Note 2)		Pension (B) (Note 2)		Director remuneration (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	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	25,469	25,469	50	50	0.59%	0.59%	4,960	4,960	0	0	20,704	0	20,704	0	1.11%	1.11%	0
Director	LIU, YUON-CHAN (Young Liu)	1,800	1,800	0	0	14,553	14,553	50	50	0.33%	0.33%	4,571	4,571	0	0	22,600	0	22,600	0	0.88%	0.88%	0
Director	Yuan Hsin Investment Co. Ltd.	1,800	1,800	0	0	14,553	14,553	50	50	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	0
Director	LIU, CHIN-PIAO (King Liu)	1,800	1,800	0	0	14,553	14,553	50	50	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	0
Director	LO, SHAING-AN (Tony Lo)	1,800	1,800	0	0	14,553	14,553	50	50	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	0
Director	CHIU, TA-PENG	1,800	1,800	0	0	14,553	14,553	50	50	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	0
Director	YANG, HUAI-CHING	1,800	1,800	0	0	14,553	14,553	50	50	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	0
Director	CHIU, TA-WEI	1,800	1,800	0	0	14,553	14,553	50	50	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	0
Independent Director	WU, CHUNG-YI	2,000	2,000	0	0	0	0	50	50	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	0
Independent Director	CHEN, HONG-SO (Hilo Chen)	2,000	2,000	0	0	0	0	50	50	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	0
Independent Director	LO, JUI-LIN	2,000	2,000	0	0	0	0	50	50	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	0

1. Please state the policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment: Remuneration is determined based on the No.24 of Articles of Incorporation. The Compensation Committee would evaluate the involvement of Directors in the business operation of the Company and their contributions to the Company. It would correlate the reasonable fairness of performance risk with remuneration and make recommendations to the Board. The Company has procedures of evaluation BOD performance. The Board of Directors has been delegated to evaluate the performance of the members of Board of Directors at least once a year. Based on the results of 2020 BOD performance evaluation, the operation in 2020 is well and no adjustment is needed.

2. Compensation received by director for providing service to any company included in the financial statements (e.g., consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None

Note 1: Directors' names are presented separately (for corporate shareholders, the name of the corporate shareholder and its representative are stated separately), whereas the amount of benefits and allowances are presented in aggregate sums. Any directors who co-headed the President or Vice President positions are disclosed in this table and in Table (3-1) or (3-2) below.

Note 2: Refers to director's remuneration in the last year (including salaries, allowances, severance pay, various bonuses and incentives etc).

Note 3: This represents directors' remuneration that the board of directors has proposed for the most recent earnings appropriation and is pending shareholders' resolution.

Note 4: Refers to compensation for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits). 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), and 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.

Note 5: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles and in-kind benefits that the director received in the last year for assuming the role of a company employee (such as President, Vice President, manager or other employee). 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), and 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 6: Refers to any compensation that the director received (in cash or in shares) in the last year for assuming the role of an employee (such as President, Vice President, manager or other employees). The amount of employee compensation proposed by the board of directors in the last year has been disclosed (where the amount could not be estimated, the actual amount paid in the last year was presented instead). Table 1-3 has also been completed for reference.

Note 7: The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents total amount of remuneration paid by all companies above to the Company's directors.

Note 8: The amount of remuneration paid by the Company to each director has been disclosed in ranges.

Note 9: The details represent the range of remuneration paid by the consolidated entity (including the Company) to each director.

Note 10: 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 11: a. This field represents all forms of remuneration that the director received from the Company's invested businesses other than subsidiaries.

b. For directors who received remuneration from invested businesses other than subsidiaries, amounts received from these invested businesses have been added to column J of the remuneration brackets table. In which case, column J 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 directors 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.

(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)	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO	LIU, YUON-CHAN (Young Liu)	7,592	7,592	0	0	0	0	28,850	0	28,850	0	0.74%	0.74%	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)	YEN, CHING-HSIN	YEN, CHING-HSIN
NT\$10 million 元 (inclusive) ~NT\$15 million (exclusive)		
NT\$15 million (inclusive) ~NT\$30 million (exclusive)	LIU, YUON-CHAN (Young Liu)	LIU, YUON-CHAN (Young Liu)
NT\$30 million (inclusive) ~NT\$50 million (exclusive)		
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 in Table (1-1) or (1-2-1) and (1-2-2) above.

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 sales	KOO, KAM-HOI				
Head of Global CMO	LIU, SU-JYUAN (Phoebe Liu)		61,975	61,975	1.25%
Head of Global R&D	CHANG, SHENG-CHANG				
Taiwan Plant President	WANG, HUO-MING				
Chief of Finance	WANG, PI-YU				
Head of Accounting	PAN, CHIAO-LI				

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 2019	Year 2020
Directors	5.38%	4.29%
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. Corporate governance

(1). Functionality of the board of directors

A total of 6 board meetings (A) were held in 2020

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)	6	0	100%	
Director	LIU, YUON-CHAN (Young Liu)	6	0	100%	
Director	Yuan Hsin Investment Co. Ltd.	6	0	100%	
Director	LIU, CHIN-PIAO (King Liu)	6	0	100%	
Director	LO, SHANG-AN(Tony Lo)	6	0	100%	
Director	CHIU, TA-PENG	6	0	100%	
Director	YANG, HUAI-CHING	6	0	100%	
Director	CHIU, TA-WEI	5	0	83%	Personal leave
Independent Director	WU, CHUNG-YI	6	0	10%	
Independent Director	CHEN, HONG-SO (Hilo Chen)	5	1	83%	Proxy
Independent Director	LO, JUI-LIN	6	0	100%	

Other remarks:

- For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the Company has responded to such opinions: Please refer to "Significant resolutions of the board of directors"
 - Conditions described in Article 14-3 of the Securities and Exchange Act.
 - Any other documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above.
- For situations where Directors recuse themselves from any motion due to conflict of interest, the Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified:
 - 12th meeting of the 16th term Board of Directors: The Company proposed to adjust its overseas investment structure for the subsidiary, Darzins Holdings Ltd., to have direct ownership over the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., and for the latter to merge with the subsidiary, Giant Light Metal Technology (Kunshan) Co., Ltd. Except for Board members who were related parties or recused from the discussion due to conflict of interest, the agenda was passed as proposed by all other directors.
 - 1st special meeting of the 16th term Board of Directors: The Company proposed to sell its entire

holding in the subsidiary, G-Shang Metal Corporation. Except for Board members who were related parties or recused from the discussion due to conflict of interest, the agenda was passed as proposed by all other directors.

3. The frequency, period, scope, method, and details for the self (or peer) performance evaluation of the Board of Directors of TWSE/TPEX-listed companies and the implementation status in Table 2(2) Performance Evaluation of the Board: None.
4. Objectives of strengthening the functionality of the Board of Directors (e.g., to establish an audit committee, to enhance information transparency, etc.) in the current year and the most recent year and evaluation of 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 the "Operation of Audit Committee" in the annual report for details. The 2020 performance assessment of the Board of Directors was conducted in accordance with the Company's "Procedures for Performance Evaluation of the Board of Directors". Scope of the evaluation include the entire Board of Directors, individual Board member, Audit Committee and Remuneration Committee. Evaluation methods adopted were internal self-evaluations for the Board of Directors, self-evaluations for Board members, and internal self-evaluations for the Audit Committee and the Remuneration Committee. Please refer to the "2020 Report on Performance Evaluation Outcomes of the Board of Directors, Directors, Audit Committee and Remuneration Committee" in the annual report for details.

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

Note 2: (1) The date of resignation is specified for Directors or Supervisors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of board of directors meetings held and the number of actual attendance during active duty.

(2) If a re-election of directors or supervisors had taken place prior to the close of the financial year, directors/supervisors of both the previous and the current term are listed; in which case, the remarks column would specify the re-election date and whether the director/supervisor was elected in the previous term, the new term, or both. The percentage of actual attendance (%) was calculated based on the number of board of directors meetings held and actual attendance during active duty.

Independent directors' involvement in board of directors meetings in 2020

A: Actual Attendance P: Attendance by proxy X Absence

2020	2020.03.20 16 th 10 th Meeting	2020.05.08 16 th 11 th Meeting	2020.08.07 16 th 12 th Meeting	2020.09.16 16 th 1st Special Meeting	2020.11.06 16 th 13 th Meeting	2020.12.18 16 th 14 th Meeting
Chung-Yi Wu	A	A	A	A	A	A
Hung-Shou Chen	A	A	A	A	P	A
Jui-Lin Lo	A	A	A	A	A	A

(2). Functionality of the Audit Committee:

(2.1) Audit Committee members

Identity (Note 1)	Criteria Name	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)								Number of positions as Remuneration Committee member in other public companies	Remarks (Note3)
		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	CHEN,HONG-SO (Hilo Chen)			✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	WU,CHUNG-YI			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	LO,JUI-LIN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	

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 6 meetings (A) were held in 2020; attendance records are as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Chair	LO,JUI-LIN	6	0	100%	
Member	CHEN,HONG-SO (Hilo Chen)	5	1	83%	Proxy
Member	WU,CHUNG-YI	6	0	100%	

Other remarks:

1. When one of the following situations occurs, the date and session of the Board meeting, contents of motions, the Committee's resolutions 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 "Audit committee's resolutions made in 2020"
 - (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) When reviewing the annual financial reports, CPAs attended the Audit Committee meeting to present the audit results, key audit matters, significant subsequent events, and updates on relevant laws and regulations; and communicated fully with independent directors.
 - (2) The Company's internal audit supervisor presented audit items, audit findings and follow-up status to them during the quarterly Audit Committee meetings.
 - (3) When issues needed to be discussed between the internal audit supervisor, CPAs and independent directors, they would contact each other directly. The communication channels between them have worked well.

(2.2) 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.

● **Resolutions of the Audit Committee in 2020**

Date	Type	Major Resolutions	Outcome of Resolution
2020.03.20 9th meeting of the 1 st term	Audit Committee	<ol style="list-style-type: none"> 1. Internal audit report of the Company 2. Outcome of 2019 self-assessment on internal control of the Company 3. Derivative trading of the Company 4. Adjustments to audit plan due to Covid-19 in 2020 5. The Company's financial statements for the year ended December 31, 2018 6. The Company's 2018 earnings distribution 7. Replacement of the Company's head of accounting 	<p>Attendance of independent directors: 3</p> <p>Opinions of independent directors: None</p> <p>Actions taken concerning opinions of independent directors: None</p> <p>Resolution: Unanimous approval of all directors</p>
2020.05.08 10th meeting of the 1 st term	Audit Committee	<ol style="list-style-type: none"> 1. The Company's financial statements for the three months ended March 31, 2020 2. Internal audit report of the Company 3. Derivative trading of the Company 4. Amendments to the Company's "Charter for Audit Committee" 5. Un-subscription of employee stock options of the subsidiary, Giant Light Metal Technology (Kunshan) Co., Ltd. (GLM) 	<p>Attendance of independent directors: 3</p> <p>Opinions of independent directors: Yes</p> <p>Opinions from members on item 5:</p> <ol style="list-style-type: none"> 1. The listing was still ongoing. We had not reached the stage of an unsuccessful listing (including the Company's resolution on not going public or the failing to obtain approval from the

Date	Type	Major Resolutions	Outcome of Resolution
			<p>competent authority).</p> <p>2. To retain and motivate outstanding talents, it was reasonable to adopt the fair value method.</p> <p>3. The fair value approach was adopted on top of the Board's resolution for employees to unsubscribe.</p> <p>Actions taken concerning opinions of independent directors: To proceed in accordance with recommendations from independent directors</p> <p>Resolution: Unanimous approval of all directors</p>
2020.08.07 11th meeting of the 1 st term	Audit Committee	<ol style="list-style-type: none"> 1. The Company's financial statements for the six months ended June 30, 2020 2. Internal audit report of the Company 3. Derivative trading of the Company 4. Extension of the Company's endorsement and guarantee to the subsidiary, GMX 5. Disposal of the Company's holding of common shares in KMC (Kuei Meng) International Inc. for investment purpose and the chairman was authorized for the execution 6. Establishment of the Company's subsidiary 7. The Company proposed to adjust its overseas investment structure for the subsidiary, Darzins Holdings Ltd., to have direct ownership over the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., and for the latter to merge with the subsidiary, Giant Light Metal Technology (Kunshan) Co., Ltd. 8. Termination of the A-share initial 	<p>Attendance of independent directors: 3</p> <p>Opinions of independent directors: None</p> <p>Actions taken concerning opinions of independent directors: None</p> <p>Resolution: Unanimous approval of all directors</p>

Date	Type	Major Resolutions	Outcome of Resolution
		public offering of the subsidiary, Giant Light Metal Technology (Kunshan) Co., Ltd., and the application for its listing in the China stock markets.	
2020.09.16 1th special meeting of the 1 st term	Audit Committee	1. The Company's sale of its 100% holding subsidiary, G-Shang Metal Corporation	Attendance of independent directors: 3 Opinions of independent directors: Yes As potential buyers may include related parties, please have a CPA issuing an opinion on price reasonableness for prudence. Actions taken concerning opinions of independent directors: To proceed in accordance with recommendations from independent directors Resolution: Unanimous approval of all directors
2020.11.06 12th meeting of the 1 st term	Audit Committee	1. The Company's financial statements for the nine months ended September 30, 2020 2. Internal audit report of the Company 3. 2021 audit plan of the Company 4. Derivative trading of the Company 5. Financing provided by the Company to subsidiaries, Giant Sales Co., Ltd. 6. Independence assessments of the Company's CPAs and reviews on audit fee	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors
2020.12.18 13th meeting of the 1 st term	Audit Committee	1. Internal audit report of the Company	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors

2020 Report on Performance Evaluation Outcomes of the Board of Directors, Directors, Audit Committee and Remuneration Committee

Giant Manufacturing Co., Ltd. conducted 2020 performance evaluation of the Board of Directors 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 include the entire Board of Directors, individual Board member, Audit Committee and Remuneration Committee. Evaluation methods adopted were internal self-evaluations for the Board of Directors, self-evaluations for Board members, and internal self-evaluations for the Audit Committee and the Remuneration Committee.

Evaluation period: January 1, 2020 to December 31, 2020

Scoring standards: The evaluation outcomes of items with achievement rates of 90% and above, between 80% (inclusive) and 90% (exclusive), and below 80% would be “above standard”, “standard” and “improvement required”, respectively.

Evaluation procedures: The designated unit would collect the self-evaluation questionnaires from the 11 Board members and prepare the “summary on 2020 self-evaluation questionnaires for Directors”, as well as internal self-evaluation questionnaires for the Board of Directors, Audit Committee and Remuneration Committee. The summarized data would be reported to the Board of Directors.

Once the scores from aforementioned procedures were collected and compiled, the evaluation outcome was reported to the Board of Director on March 26, 2021.

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 on 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 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). Corporate governance implementation status and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies:

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
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? (2) Has the Company possessed a list 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? (4) Has the Company established internal rules to prevent insiders from using undisclosed information to trade securities?	✓ ✓ ✓ ✓		(1) The Company has rules governing matters pertaining to shareholders' services and dedicated personnel to handle shareholders' suggestions and disputes. (2) The Company has dedicated personnel in charge of the lists of major shareholders and ultimate owners of these major shareholders. (3) Management rules for operation have been established and implemented at subsidiaries. (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.	No material deviation is found in comparison with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
3. Composition and responsibilities of the Board				

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
of Directors (1) Has the Board of Directors established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		(1) The Company has specified the required number of independent directors in its Articles of Incorporation and candidates outside of the cycling industry have been nominated by the Board. Independent directors are elected in accordance with the Articles of Incorporation. The Board diversification policy is detailed in Article 20 of the "Corporate Governance Principles" at the corporate website and the "Director's main expertise" is disclosed on page 17 of this annual report. The Company's Board members are diverse in terms of professional background, gender, age, etc. and satisfy the objective for diversification and 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 planned to 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 and formed 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 and 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. The Company reported the 2020 performance	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>evaluation outcomes of the Board to the Board on March 26, 2021. The evaluation outcomes covered the following five aspects:</p> <ul style="list-style-type: none"> a. Level of participation in the Company's operation; b. Improvement on the quality of Board's decisions; c. Composition and structure of the Board; d. Election and continuing education of Directors; and e. Internal control. <p>The evaluation items included:</p> <ul style="list-style-type: none"> a. Familiarity with the Company's goals and missions; b. Understanding of Director's duties; c. Level of participation in the Company's operation; d. Management of internal relationship and communication; e. Professionalism and continuing education of Directors; and f. Internal control. <p>Scope of the evaluation include the entire Board of Directors, individual Board member, Audit Committee and Remuneration Committee. Evaluation methods adopted were internal self-evaluations for the Board of Directors, self-evaluations for Board members, and internal self-evaluations for the Audit Committee and the</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(4) Has the Company periodically evaluated the independence of its CPAs?	✓		<p>Remuneration Committee. The evaluation outcomes were above standard.</p> <p>According to the 2020 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> <p>(4) The Company assesses the independence of its CPAs on a yearly basis. CPAs are required to issue a "Declaration of Independence" annually for the Company to ensure that it has no financial and business relationship with the CPAs except for auditing and tax service fees. The assessment outcomes are reported to the Board. (Please refer to the attached "CPAs Independence Assessment Report".)</p>	
4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer to handle matters pertaining to corporate governance (including but not limited to provide information required for business execution by directors and supervisors, assist directors and supervisors with regulatory compliance, handle matters pertaining to board meetings and shareholders' meetings according to laws and regulations, produce minutes of board meetings and shareholders meetings, etc.)?	✓		<p>The Company has established a corporate governance task force. Its convener is appointed by the Board with members comprise of representatives from the finance, legal affairs, and public relations departments. Its main responsibilities are as follows:</p> <ol style="list-style-type: none"> 1. To draft and plan appropriate corporate systems that promote Board independence, information transparency, regulatory compliance, and the implementation of internal audits and controls. 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 	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)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>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.</p> <p>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.</p> <p>4. To assist Directors with assuming office and continuing education.</p> <p>5. Besides annual performance evaluations on individual Directors, internal performance evaluations were conducted on the overall operation of the Board.</p>	
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 at the corporate website to address their concerns on major corporate social responsibility issues?	✓		The contact information of spokesperson and relevant departments has been disclosed on the Company's website. Also, a stakeholder section has been created to properly address issues such as corporate social responsibilities concerned by stakeholders (including but not limited to shareholders, employees, customers and suppliers).	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 dedicated 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

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
				TWSE/TPEX Listed Companies
<p>7. Information disclosure</p> <p>(1) Has the Company established a corporate website to disclose information regarding the Company's finance, business and corporate governance status?</p> <p>(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)?</p> <p>(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?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has set up a corporate website to disclose financial, business, corporate governance and other material information.</p> <p>(2) The Company has set up the spokesperson system and a shareholder service unit under finance department dedicated 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 chief of finance and public relation personnel to maintain investors relations, accept interviews with local and foreign institutional investors, and disclose business performance in a timely manner.</p> <p>(3) The Company has publicly announced and filed its financial reports and monthly operational status within the prescribed deadlines.</p>	No material deviation is found in comparison with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
8. Does the Company have other important information to facilitate better understanding	✓		(1) Employee rights The Company has established personnel	No material deviation is found in comparison with

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
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>management rules in accordance with labor regulations to address employees' rights on 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, and thereby protect 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 for EWC and industrial union, it is explicitly stated that management and 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 finance department dedicated 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</p>	the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>accounting officer and public relation personnel to maintain investors relations, accept interviews with local and foreign institutional investors, and disclose business performance in a timely manner.</p> <p>(4) Supplier relations The Company has long established a Central Satellite Factory System over three decades ago 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 ensures 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, and 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:</p> <p>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'</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>attendance in the Board meetings and recusal from motions due to conflict of interests are governed by the Rules.</p> <p>b. The Company convenes Board meetings regularly as required by law and the Directors' attendance rates have been well.</p> <p>c. The Company regularly invites professional instructors to give lessons to Directors at company premises. Directors would also attend training courses based on their schedules. All Directors had completed the required courses in 2020.</p> <p>d. The Company has drawn up and implemented the Procedures for Lending Funds to Other Parties and Procedures for Endorsement and Guarantee in accordance with Official Letter No. Finance-Securities-VI-0910161919 issued by the Securities and Futures Bureau. For risks associated with interest rates, exchange rates and inflation, please refer to "6. Evaluation of Risk Management Issues" under "Seven. Review and Analysis of Financial Position and Business Performance, and Risk Management" in this annual report. The Company has also established a comprehensive internal control system to enhance risk control and extended the scope to cover subsidiaries.</p> <p>e. The Company has purchased liability insurance for Directors.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>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.)</p> <p>Improvements:</p> <p>Electronic voting: The Company signed an agreement with Taiwan Depository and Clearing Corporation in 2016 to voluntarily adopt the e-voting in 2017.</p> <p>Priority of pending issues and measures:</p> <ul style="list-style-type: none"> -The Company has amended the Articles of Incorporation in the 2019 shareholders' meeting to adopt the candidate nomination system for the election of Directors. The system will be applied in the 2021 Director election for the first time. -The Company has nominated the Corporate Governance Officer, effective on 1st June. 				

Note 1: Please provide details at the Summary 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 13th meeting of the 16th board held in 2020:

Giant MFG. Co., Ltd. Auditor Independence Assessment

Date of assessment: November 6, 2020

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:**(4.1) Remuneration Committee members**

Identity (Note 1)	Criteria Name	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)										Number of positions as Remuneration Committee member in other public companies	Remarks	
		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	9	10			
Independent Director	CHEN, HONG-SO (Hilo Chen)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Others	LO, FENG-YIN		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	LO, JUI-LIN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	

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. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's total number of issued shares, ranks among the Company's top five shareholders, or appoints representatives to be the Company's directors or supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company or subsidiaries, or subsidiaries of the same parent company pursuant to the Securities and Exchange Act or local laws and regulations.)
- (6) Not a director, supervisor, or employee of a company which owns the majority of the Company's directorships or voting rights. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company or subsidiaries, or subsidiaries of the same parent company pursuant to the Securities and Exchange Act or local laws and regulations.)
- (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. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company or subsidiaries, or subsidiaries of the same parent company pursuant to the Securities and Exchange Act or local laws and regulations.)

- (8) Not a director, supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (This requirement does not apply where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the independent director serves concurrently in the Company and its parent company or subsidiaries, or subsidiaries of the same parent company pursuant to the Securities and Exchange Act or local laws and regulations.)
- (9) Not a professional individual, nor an owner, partner, director, supervisor, or managerial officer, and the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing service or commercial, legal, financial, or accounting services with a cumulative compensation not exceeding NT\$500 thousand in the past two years to the Company or any of its affiliate. However, this requirement does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee 44 for Merger/Acquisition who perform duties pursuant to laws and regulations in association with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Does not meet any of the conditions stated in Article 30 of The Company Act.

(4.2) Functionality of the Remuneration Committee

1. The Company's Remuneration Committee consists of 3 members.
2. Duration of service: from August 10, 2018 to June 21, 2021. The Remuneration Committee held 3 meetings (A) in 2020; details of members' eligibility and attendance are as follows:

Title	Name	Actual Attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	CHEN, HONG-SO (Hilo Chen)	3	0	100%	Review the evaluation performance of BOD members and management.
Committee member	LO, FENG-YIN	2	1	67%	
Committee member	LO, JUI-LIN	3	0	100%	

Other remarks:

1. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the Company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
2. Should any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-the-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.
3. The date and session of the Committee meetings in 2020, contents of motions, the Committee's resolutions and actions taken by the Company regarding the Committee's

opinions are as follows:

Date of Committee Meeting	Session	Contents of Motions	Committee Resolutions
2020.03.13	4 th meeting of the 4th term	1. To review 2019 remuneration to Directors	Approved
		2. To review 2019 compensation to managers	Approved
2020.12.04	5 th meeting of the 4th term	1. To review the 2020 year-end net income bonus to managers	Approved

Note:

- (1) Date of resignation is shown for members of the Remuneration Committee who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of Remuneration Committee meetings held and the number of meetings actually attended during active duty.
- (2) If a re-election of Remuneration Committee members had taken place prior to the close of the financial year, members of both the previous and the current Remuneration Committee will be listed; in which case, the remarks column will specify whether the committee member was elected in the previous board, the new board, or both. The percentage of actual attendance (%) is calculated based on the number of Remuneration Committee meetings held and the number of meetings actually attended during active duty.

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

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description (Note 2)	
1. Does the Company conduct 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 3)	✓		The Company has drawn up policies and rules governing authorization limit for the Group as well as the president, heads of functions and all departmental levels within the subsidiaries. There are explicit and effective management measures in place to control material risks. These policies and rules are amended in accordance with business developments and changes in the objective economic environment on a timely basis to satisfy present regulatory requirements and compliance obligations.	No material deviation is found in comparison with the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
2. Has the Company established an exclusively (or concurrently) dedicated corporate social responsibility (CSR) unit with senior executives being authorized by the Board of Directors to handle relevant issues and report to the Board?	✓		The Company established a CSR Office (concurrently run by the Strategy Planning Office) in September 2015. It is operated by a cross-departmental task force which utilizes available channels to gather issues of concern on both regular and irregular basis. Once evaluated and analyzed, important issues are incorporated into planning and daily operations. The CSR Office reports its progress to the Board annually. On March 26, 2021, the Company's Board of Directors appointed the chief corporate governance officer, Chia-Chieh Liu, to take office on June 1, 2021.	No material deviation is found in comparison with the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
3. Environmental issues (1) Has the Company established a proper environmental management system designed to fit its industry characteristics?	✓		(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	No material deviation is found in comparison with the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description (Note 2)	
<p>(2) Is the Company committed to improving the efficiency of resources and utilizing renewable materials that have low environmental impact?</p> <p>(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?</p>	<p>✓</p> <p>✓</p>		<p>requirements that are applicable given Giant's products, activities, and services, and convey relevant information to employees.</p> <p>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.</p> <p>Ongoing improvement - Implement environmental policies; set goals to Reduce, Reuse, and Recycle as well as prevent pollution; and use these as the basis for performance evaluation to ensure ongoing improvement.</p> <p>Education - To enhance competence by improving skills and knowledge, to identify abilities required for better work performance and understanding of responsibilities as well as to encourage employees' participation in the implementation of environmental management system.</p> <p>(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.</p> <p>(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 marketing</p>	Companies

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description (Note 2)	
			<p>the concept of energy conservation and carbon reduction to the consumer market worldwide. In addition, we have poured resources into the construction of public bike systems for many years. The systems are now available at nine cities/counties including Taipei City, New Taipei City, Taoyuan City, and Hsinchu City (including the Hsinchu Science Park), Miaoli County, Taichung City, Changhwa County, Chiayi City, and Kaohsiung City, with a total of 2,915 service stations and more than 65 thousand bikes. The cumulative number of bike rentals exceeds 450 million over the years, which reduce CO2 emission by 70 million kg (based on motorcycle emission rate). We also 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 and service stations will be launched to attract more users.</p> <p>The Company continuously promotes 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. In addition, LED lighting and curtain-wall films are used at office buildings and factories to minimize power consumption of air conditioners, thereby contribute to the green Earth.</p> <p>Our domestic sales, which is deeply rooted in Taiwan,</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description (Note 2)	
(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 energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	✓		<p>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 the electricity 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 in the design stage. It thus won the Green Building Label issued by the Ministry of the Interior, fully demonstrated the Company’s commitment to environmental protection.</p> <p>(4) The inventory result showed that as production volume and revenue increased by 8.3% in Taiwan factory, the emissions also rose in 2020. (GHG emission was down by 5%, while water consumption and total waste weight went up by 26% and 6%, respectively.) The percentage of increase in emissions was less than that of output value; thus, emissions as a whole was decreased. Please refer to “Contribution to environmental protection” of this annual report for details.</p> <p>From the policy perspective, the Company has “Public Hazard Control Policy” and “Waste Management</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description (Note 2)	
			Procedures" in place for the promotion of environmental protection. There are also "Preventive Maintenance Management Rules" and "Power Equipment Management Rules" for energy conservation and carbon reduction of power equipment.	
4. Social issues				
(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's 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 working 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 Corporate Social Responsibility 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	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description (Note 2)	
(3) Has the Company provided employees with a safe and healthy working environment as well as regular safety and health education?	✓		<p>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 increase employees' commitment during their years of service and as the Company's appreciation for their contributions.</p> <p>(3) The following actions have been taken for employees to have a safer and healthier work environment:</p> <ol style="list-style-type: none"> 1. Regular employee health checkup. 2. Smoke-free work place, where employees may 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. 	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description (Note 2)	
(4) Has the Company established effective career development training plans?	✓		<p>Employees can thus familiarize themselves with proper response plans and minimize adverse impacts.</p> <p>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.</p> <p>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.</p> <p>(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.</p>	
(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 relevant consumer protection policies and complaint procedures?	✓		<p>(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 the product.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description (Note 2)	
(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 supply agreements. Suppliers are required to fulfill their CSRs. 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.	
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of CSR 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 has yet to compile a CSR report. However, 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 Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
6. If the Company has established its CSR principles according to "Corporate Social Responsibility 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 CSR practices: Refer to the section "Corporate Social Responsibility"				
8. If the Company's CSR reports were verified by external certification institutions, a detailed account shall be given: Not applicable.				

Note 1: If "Yes" is ticked under the "Implementation Status", please explain the key policies, strategies, and measures adopted and their implementation results; if "No" is ticked, please give the reason and specify related policies, strategies, and measures to be adopted in the future.

Note 2: For companies that have prepared CSR reports, the methods to check the content of the report and relevant page numbers can be entered in the Implementation Status column instead.

Note 3: The materiality principle refers to environmental, social and corporate governance issues that have significant impacts on the company's investors and other stakeholders.

Corporate Social Responsibilities

(1) Environmental protection

In recent years, climate change and extreme weather have had significant impact on the global ecological environment. Consequently, there are 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 demonstrated 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. 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 2020, YouBike operates in 9 cities/counties in Taiwan, including Taipei City, New Taipei City, Taoyuan City, Hsinchu City (including the Hsinchu Science Park), Miaoli County, Taichung City, Changhwa County, Chiayi City, and Kaohsiung City, with a total of 2,915 service stations and more than 65 thousand bikes. The cumulative number of bike rentals exceeds 450 million over the years which reduce approximately 70 million kg of CO₂ emission (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 perform well in terms of community engagement and receive positive reviews.

(3) Social contribution

As the leader of Taiwan's cycling industry, Giant assembled an A-team with several renowned suppliers of bicycle components in Taiwan in 2003. The objective was to facilitate 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.

The Company has long been sponsoring the tier-1 teams of UCI Road Race and numerous local cycling teams and professional cyclists overseas. These sponsorships not only promote Taiwan's image as a high-end bicycle manufacturer, but also benefit the Company by having professionals putting 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, they 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 construction prompt the establishment of YouBike Co., Ltd. ("YouBike") in 2015, which is dedicated to the promotion and operation of YouBike.

The introduction of YouBike in Taipei City forges a better environment and a convenient, joyful and healthy life for citizens and in return, users award it with high satisfaction scores in the Taipei City YouBike Satisfaction Survey conducted by the Taiwan Real Survey. The success of YouBike also prompts demand for public bicycles by every city

in Taiwan. However, there are challenges during our aggressive expansion. As the setup of service stations require electricity and network, they shall be located in areas of certain sizes instead of being in alleys or lanes to use fragmented land effectively. In 2020, YouBike made a successful breakthrough and launched YouBike 2.0 where every bicycle is equipped with a smart panel, and additional means such as scanning QR codes or entering verification codes are now available for YouBike renting. Moreover, the simple pile-like design of Dock 2.0 allows the service stations to be established in smaller areas, freeing the public bicycles to fulfill the mission of being the first and last mile of the transportation 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, 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 with an over 90% satisfactory rate. In the same year, YouBike 2.0 was officially introduced to Kaohsiung City (July 1), Chiayi City (December 15) and Taichung City (December 18). Both the numbers of users and rentals have shown steady growth. The YouBike system brings tidier and cleaner streets to cities and builds a more user-friendly cycling environment. Consequently, people are more willing to step outside, explore the cities and enjoy the fun of outdoor life. Furthermore, the system allows tourists and travelers to move about the cities with greater convenience, offering a brand-new alternative of public transportation.

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 is ever 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 Annxi. The system is very 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 any 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. By the end of December 2020, YouBike had 2,029 rental stations and 62,400 bikes in China with a cumulative total of 199 million rides, which reduced CO2 emission by about 84,000 tonnes or an equivalent of planting 4,580 thousand 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.

(4) Social services

In 1989, King Liu, the founder of Giant, together with the Company's directors, supervisors and 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. In 2019, our in-house "FunBike Maji" App allows users to rent/return bikes with a simple tap on the phone. Identification documents or deposits are no longer required for people to have easier access to bike rentals. Moreover, to encourage round-island cycling, the Foundation developed an APP to certify the round-island trips, which gives recognition to cyclists as well as a way for their families and friends to track their movements for safety purpose. In response to cyclists' love for challenges, there are also certifications for rides to Wuling and 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 2020. 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 bike-specific tools including metal tire levers, flathead and Phillips screwdrivers, and hex, box, pedal and adjustable wrenches and serve as comprehensive and easy repair and maintenance stations with tools cyclists need 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. We also assist the Taipei Orphan Welfare Foundation with realizing children's dream of round-island cycling, encouraging disadvantaged children

and teenagers to leave the shelter and explore the world.

The Foundation held 30 bike safety sessions to raise children's awareness on transportation, education, safety and environmental protection as well as proper exercise and conveyed accurate 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 students from 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. Due to the pandemic, the Foundation filmed cycling training for kids and released the video clips online for free viewing in 2020. Moreover, as people avoided public transportation and focused on physical fitness enhancement during COVID-19, the Foundation called on the public to bike to and from work. People could enjoy safe transport while strengthening immunity through cycling. More than 10 thousand people had participated and checked in at Giant's RideLife app.

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 in order to truly understanding the methods and procedures as well as enhance 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

“Customer satisfaction” is one of the business philosophies the Company holds fast to. We constantly explore innovative products and improve product value with quality products and services. Quality assurance is our number one priority. Since 2012, all bike frames and non-consumable parts are covered by lifetime warranty and one-year warranty, respectively, and the Company maintains a US\$10 million product liability insurance for global consumers to have the best product assurance available. Detailed product and after-sale information is available at the corporate website for consumers to access. Repair centers are established at each of our global sales offices to provide prompt services to all customers. Parts for discontinued products are continuously supplied to safeguards consumers’ rights and interests.

(7) Human rights

All of the Company's human resource 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 employees' work rights. It is our hope to give each employee the opportunity to learn, grow and put their abilities to the best use at work. Employees may approach line manager, human resource department, or industrial union or use other means to raise complaint and seek resolution for any unfair treatment.

In headquarter, female counts more than 30% for the management level (CXO). In Giant worldwide sales companies, there are more than two of third are local hire to show the diversity.

In 2020, the diversity and training hours of employees as following:

	Female	Men	Total
% of employee	36.1%	63.9%	100%
Average training hours	4.98	5.86	5.54
% of CXO level	33.3%	66.7%	100%

(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/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 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 services at all stores.

(6). State of the Company's implementation of ethical management and deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description	
<p>1. Establishment of ethical management policies and schemes</p> <p>(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?</p> <p>(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"?</p> <p>(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</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(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.</p> <p>(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.</p> <p>(3) Ethical behaviors have also been outlined in the Company's procurement and supply contracts. Employees shall comply with and are prohibited from offering and accepting bribes in any commercial activity.</p>	<p>No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description	
regularly reviewed those schemes?				
2. Implementation of ethical management				
(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 of Directors?	✓		(2) The Company has established a concurrently dedicated business ethics unit (the Global HR Center) under the Board of Directors. The unit submits written reports of its operation to the Board annually. To introduce proper complaint channels and to prevent conflicts of interest, 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 to the Company 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 the 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	✓		(4) The Company has established effective accounting and internal control systems to enforce business ethics and both systems operate properly at present. Based on the risk assessment outcome, internal	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description	
<p>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?</p> <p>(5) Has the Company regularly held internal and external training sessions on ethical management?</p>	✓		<p>auditors would develop risk-oriented annual audit plans, which are used for conducting management audits or unscheduled project audits on financial statement preparation process.</p> <p>(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 2020, the internal and external training sessions on business ethics organized by Giant through quarterly business consensus conferences and monthly plus weekly meetings totaled 6,150 hours with an attendance of 8,700 people. The numbers decreased year-over-year due to the pandemic.</p>	
<p>3. Implementation of whistleblowing system</p> <p>(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?</p> <p>(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?</p>	✓		<p>(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.</p> <p>(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.</p> <p>1. Complaint channels: The Company has complaint channels and iCare mailbox at the corporate</p>	<p>No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description	
(3) Has the Company established measures to	✓		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) Where the whistleblower is an employee, the	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description	
protect whistleblowers from retaliation?			Company ensures that the employee will not be retaliated against due to whistleblowing.	
4. Enhancement on information disclosure (1) 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 describe its current practices and any deviations from the Principles: None.				
6. Other important information to facilitate better understanding of the Company's ethical management practices (e.g., the Company reviews and revises its Principles of Business Ethics, etc.): None.				

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

http://www.giantcyclingworld.com/inc/company_regulation.php

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

http://www.giantcyclingworld.com/inc/company_regulation.php

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

Declaration of Internal Control System

Giant Manufacturing Co., Ltd.

Declaration of Internal Control

Date: March 26, 2021

The following declaration had been made based on 2020 self-assessment of the Company's internal control:

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.
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.
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.
4. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
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, 2020. 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.
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.

This declaration was passed unanimously without objection by all 11 Directors present at the board meeting dated March 26, 2021.



Giant MFG. Co., Ltd.



Chairman: Bonnie Tu signature



CEO: Young Liu signature

2. 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
2020.06.19	Shareholders meeting	<ul style="list-style-type: none"> ● Approval of amendments to the Company's Articles of Incorporation ● Approval of the Company's financial statements for the year ended December 31, 2019 ● Approval of the Company's 2019 earnings distribution 	Voted and passed by all shareholders

Major resolutions passed in 2020 shareholders meeting and the execution progress

1. Amendments to the Company's "Articles of Incorporation."

Approval of amendments to Articles 1, 2, 4, and part of Article 7 of the Articles of Incorporation.

Implementation status: Changes have been registered with the competent authorities with Document Reference No. MOEA-Authorized-Commerce-1090013426 dated July 2, 2020.

2. Approved the 2019 business report and financial statements.
3. Approved the 2019 earnings distribution.

Implementation status: The record date was set at August 29, 2020 and the payment date was set at September 17, 2020. Cash dividend is determined at NT\$4.6 per share

Significant Board of Directors resolutions made in the last financial year, up to the publication date of this annual report:

Date	Meeting category	Major resolutions	Outcome of resolution
2020.03.20 10 th meeting of the 16 th term	Board of Directors	<ol style="list-style-type: none"> 1. Acknowledgment of 2019 internal control self-assessment 2. Acknowledgment of 2020 internal audit plan due to the impact of COVID-19 pandemic. 3. Discussion of 2019 directors' remuneration 4. Discussion of 2019 compensation to employee 5. Discussion of 2019 year-end accounts 6. Discussion of 2019 earnings appropriation 7. Discussion on amendment of the Articles of Incorporation 8. Discussion on change of the head of accounting 9. Discussion of date, venue and agendas for the 2020 annual general meeting 	<p>Independent directors involvement: 3</p> <p>Independent directors' opinions: None</p> <p>Company's response to independent directors' opinions: None</p> <p>Motion 6: Resolved to approve a cash dividend of NT\$4.6.</p> <p>Outcome of resolution: Agenda was passed without objection from attending directors</p>
2020.05.08 11 th meeting of the 16 th term	Board of Directors	<ol style="list-style-type: none"> 1. The Company's financial statements for the three months ended March 31, 2020 2. Amendments to the Company's "Charter for Audit Committee" and "Rules of Procedure for the Board of Directors' Meetings" 3. Un-subscription of employee stock options of the subsidiary, Giant Light Metal Technology (Kunshan) Co., Ltd. (GLM) 4. Application for line of credit by OEM customer, Stages 	<p>Attendance of independent directors: 3</p> <p>Opinions of independent directors: None</p> <p>Actions taken concerning opinions of independent directors: None</p> <p>Resolution: Item 3: As GLM failed to go public on schedule, the Company agreed to have major shareholders repurchasing shares on the</p>

Date	Meeting category	Major resolutions	Outcome of resolution
			<p>shareholding platform at prices calculated based on fair value in accordance with their individual ownership percentages. The motion was approved and the CEO was authorized to negotiate with the platform on implementation details.</p> <p>Unanimous approval of all directors</p>
2020.8.7 12 th meeting of the 16 th term	Board of Directors	<ol style="list-style-type: none"> 1. The Company's financial statements for the six months ended June 30, 2020 2. Disposal of the Company's holding of common shares in KMC (Kuei Meng) International Inc. for investment purpose and the chairman was authorized for the execution 3. Establishment of the Company's branch 4. Establishment of the Company's subsidiary 5. The two motions where the Group's CRDO, Sheng-Chang Chang, and HPB's COO, Guei-Yao Chen, were promoted to professional positions in INC 6. The Company proposed to adjust its overseas investment structure for the subsidiary, Darzins Holdings Ltd., to have direct ownership over the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., and for the latter to merge with the subsidiary, Giant Light Metal 	<p>Attendance of independent directors: 3</p> <p>Opinions of independent directors: None</p> <p>Actions taken concerning opinions of independent directors: None</p> <p>Resolution: Unanimous approval of all directors</p>

Date	Meeting category	Major resolutions	Outcome of resolution
		Technology (Kunshan) Co., Ltd. 7. Termination of the A-share initial public offering of the subsidiary, Giant Light Metal Technology (Kunshan) Co., Ltd., and the application for its listing in the China stock markets	
2020.09.16 1 st special meeting of the 16 th term	Board of Directors	1. The Company's sale of its entire holding in the subsidiary, G-Shang Metal Corporation	Attendance of independent directors: 3 Opinions of independent directors: Yes Item 1: As potential buyers may include related parties, please have a CPA issuing an opinion on price reasonableness for prudence. Actions taken concerning opinions of independent directors: To proceed in accordance with recommendations from independent directors Resolution: Unanimous approval of all directors
2020.11.06 13 th meeting of the 16 th term	Board of Directors	1. The Company's financial statements for the nine months ended September 30, 2020 2. 2021 internal audit plan of the Company 3. Financing provided by the Company to subsidiaries, Giant Sales Co., Ltd. 4. Independence assessments of the Company's CPAs and reviews on	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of

Date	Meeting category	Major resolutions	Outcome of resolution
		audit fee 5. Identification of scope for managerial officers of the Company 6. Dates for Board of Directors' meetings in 2021	independent directors: None Resolution: Unanimous approval of all directors
2020.12.18 14 th meeting of the 16 th term	Board of Directors	1. The Company's 2021 business plan and objectives for the Group 2. The Company's 2021 financial budget for the Group 3. Amendments to the Company's "Charter for Remuneration Committee" and "Director Election Procedures" 4. Discussion on the Company's 2020 year-end bonus distribution principle and compensation to managerial officers	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors

(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, or head of R&D in the most recent year up till the publication date of this annual report:

- The change of head of accounting to Chiaoli, Pan was approved by the BOD on 20th March, 2020. The effective date is 1st April, 2020.
- The Board appointed the Corporate Governance Officer, Jiajie Liu on 26th March, 2021. The effective date is 1st June, 2021.

5. Disclosure of auditors' remuneration

Name of accounting firm	Name of auditor		Year of audit or auditor review	Remarks
Deloitte & Touche, Taiwan	Su ,Ting-Chien	Wu ,Lie-Dong	2020	

Note: If there is any change of auditor or accounting firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks field.

Audit remuneration brackets table

Unit: NTD

Amount range		Fee category	Audit remuneration	Non-audit remuneration	Total
1	Below NT\$2 million			V	
2	NT\$2 million (inclusive) ~ NT\$4 million		V		
3	NT\$4 million (inclusive) ~ NT\$6 million				V
4	NT\$6 million (inclusive) ~ NT\$8 million				
5	NT\$8 million (inclusive) ~ NT\$10 million				
6	\$10 million and above				

Note: Non-audit remuneration is NT\$50 thousands for direct VAT return, and NT\$ 60 thousands for headquarters relocation and branch consulting, and NT\$40 thousands for payroll information checklist verification.

5. 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 2020		Year-to-date as at March 30, 2021	
		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)	(7,584,000) (Note 2)	-	-	-
Director	LIU, YUON-CHAN (Young Liu)	-	-	-	-
Director	Yuan Hsin Investment	-	-	100,000	-
Director	LIU, CHIN-PIAO (King Liu)	-	-	-	-
Director	LO, SHAIING-AN(Tony Lo)	-	-	-	-
Director	CHIU, TA-PENG	-	-	-	-
Director	YANG, HUAI-CHING	-	-	60,000	-
Director	CHIU, TA-WEI	-	-	-	-
Head of Global Manufacturing Center	YEN, CHING-HSIN	-	-	-	-
Global head of R&D	CHANG, SHENG- CHANG	-	-	-	-
Global head of Sales	KOO, KAM HOI	-	-	-	-
Global Chief of Finance	WANG, PI-YU	-	-	-	-
Global head of CMO	LIU, SU-JYUAN (Phoebe Liu)	-	-	-	-
Taiwan Plant President	WANG, HUO-MING	-	-	-	-

Title (Note 1)	Name	Year 2020		Year-to-date as at March 30, 2021	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Head of Accounting	PAN, CHIAO-LI	-	-	-	-
Chief Operating Officer of HPB Division	CHEN,GUEI-YAO				

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

Note 2: The decrease in shareholding was due to transfer in a trust arrangement

(1) Transfer of shares where the counterparty is a related party: None.

(2) Pledge of shares where the counterparty is a related party: None.

9. Relationships among top-10 shareholders

August 29, 2020 (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
HSBC in Its Capacity as Master Custodian for the Account of HSBC Corporation Limited	17,453,817	4.65%	-	-	-	-	-	-
LIU, CHIN-PIAO (King Liu)	13,703,498	3.65%	885,780	0.24%	-	-	TU LIU ,YUE-CHIAO LIU, YUON-CHAN (Young Liu)	Sister Son
LIU, YUON-CHAN (Young Liu)	13,297,162	3.55%	-	-	-	-	LIU, CHIN-PIAO (King Liu)	Father
THO, TU HSIU-CHEN (Bonnie Tu)	13,232,348	3.53%	57,214	0.02%	-	-	Tu Liu ,Yue-Chiao	mother
CitiBank Taiwan Custodianship of the Singapore Government Investment Account	8,353,222	2.23%	-	-	-	-	-	-
TU LIU ,YUE-CHIAO	7,907,242	2.11%	5,877,436	1.57%	-	-	LIU, CHIN-PIAO (King Liu) THO, TU HSIU-CHEN (Bonnie Tu)	Brother Daughter
Cathay Life Insurance Co., Ltd	6,288,000	1.68%	-	-	-	-	-	-
CHIU, TA-RU	6,087,148	1.62%	-	-	-	-	-	-
TU,CHIANG-HSIANG	5,877,436	1.57%	7,907,242	2.11%	-	-	TU LIU ,YUE-CHIAO THO, TU HSIU-CHEN (Bonnie Tu)	Wife Daughter
Cheng-Chun Investment Co., Ltd.	5,664,541	1.51%	-	-	-	-	-	-

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, 2020

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.	-	1%	-	99%	-	100%
Microprogram Co., Ltd.	8,886,000	28%	-	-	8,886,000	28%
YouBike Co., Ltd.	84,800,000	100%	-	-	84,800,000	100%
AIPS Technology Co., Ltd.	50,000,000	100%	-	-	50,000,000	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

1. Share categories

March 30, 2021

Unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	375,064,626	119,935,374	495,000,000	Public-listed shares

2. 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	None	Note1

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
						earnings NT\$140,000,000		
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
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

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
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 raised only.	None	Note16

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.

(2) Composition of Shareholders:

August 29, 2020 (Ex-dividend Date)

Type of Shareholders	Government agencies	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Number of Shareholders	6	57	57	8,635	757	9,512
Shareholding	2,195,047	22,064,455	24,321,681	128,031,844	198,451,599	375,064,626
Holding (%)	0.59%	5.88%	6.48%	34.14%	52.91%	100.00%

(3) Diversity of ownership

Common shares

August 29, 2020 (Ex-dividend Date)

Shareholder Ownership (Unit: Share)	Number of shareholders	No. of shares held	Shareholding percentage
1 to 999	4,476	850,669	0.23%
1,000 to 5,000	3,800	6,524,098	1.74%
5,001 to 10,000	327	2,479,247	0.66%
10,001 to 15,000	127	1,622,032	0.43%

Shareholder Ownership (Unit: Share)	Number of shareholders	No. of shares held	Shareholding percentage
15,001 to 20,000	72	1,280,820	0.34%
20,001 to 30,000	99	2,445,646	0.65%
30,001 to 40,000	83	2,895,855	0.77%
40,001 to 50,000	52	2,323,964	0.62%
50,001 to 100,000	129	9,360,709	2.50%
100,001 to 200,000	106	15,387,476	4.10%
200,001 to 400,000	84	24,724,440	6.59%
400,001 to 600,000	40	19,673,045	5.25%
600,001 to 800,000	21	15,079,681	4.02%
800,001 to 1,000,000	16	14,466,875	3.86%
1,000,001 and above	80	255,950,069	68.24%
Total	9,512	375,064,626	100.00%

Preferred shares: none

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

August 29, 2020 (Ex-dividend Date)

Name of major shareholder	No. of shares held	Ownership (%)
HSBC in Its Capacity as Master Custodian for the Account of HSBC Corporation Limited	17,453,817	4.65%
LIU, CHIN-PIAO (King Liu)	13,703,498	3.65%
LIU, YUON-CHAN (Young Liu)	13,297,162	3.55%
THO, TU HSIU-CHEN (Bonnie Tu)	13,232,348	3.53%
Government of Singapore-GOS-EFM C	8,353,222	2.23%
TU LIU, YUE-CHIAO	7,907,242	2.11%
Cathay Life Insurance Co., Ltd	6,288,000	1.68%
CHIU, DA-RU	6,087,148	1.62%
TU, CHIANG-HSIANG	5,877,436	1.57%
Cheng-Chun Investment Co., Ltd.	5,664,541	1.51%

(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

Unit: NTD

Item	Year		2019	2020 (Note 1)
	Market price per share	High		257
Low		144	116	
Average		211.52	241.01	
Net worth per share	Before dividend		58.24	67.12
	After dividend		53.74	59.12
Earnings per share	Weighted average outstanding shares		375,064,626	375,064,626
	Earnings per share		9.00	13.19
Dividends per share	Cash dividends		4.6	8
	Stock dividends	-	-	-
		-	-	-
Cumulative unpaid dividends		-	-	
Analysis of investment returns	P/E ratio (Note 2)		23.50	18.27
	Price to dividend ratio (Note 3)		45.98	30.13
	Cash dividend yield (Note 4)		2.17%	3.32%

Note 1: 2020 dividends will be paid after the 2021 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

1. 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.

2. Dividends proposed for the upcoming shareholder meeting:

The board of directors has proposed to pay cash dividends at NT\$8 per share for the 2020 earnings distribution.

3. 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:**

1. 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 2.5%. 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.

2. 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 7.2% 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.

3. Employee remuneration approved by the board of directors:

(1) Employee/director remuneration, in cash or in shares:

* Cash payment of employee remuneration amounted to NT\$455,893,309, which is indifferent from the amount previously recognized as expense in the year occurred.

* Payment of director remuneration amounted to NT\$127,342,856, which is indifferent from the amount previously recognized as expense in the year occurred.

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

4. 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\$312,080,675 for employees and NT\$104,026,892 for directors out of the Company's 2019 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: None

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 marketing 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) Bike leasing and promotion of outdoor activities.

2. Weight of business activities:

Unit: NTD thousands

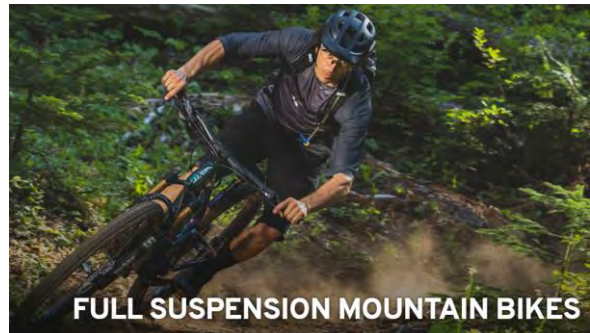
Product	Net sales	Weight
Bikes	63,500,316	90.70%
Materials	4,190,452	5.99%
Others	2,320,081	3.31%
Total	70,010,849	100.00%

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.

- (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.

**KIDS' BIKES****FULL SUSPENSION MOUNTAIN BIKES**

- (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:

For On-Road bikes, we will extend the popularity of our classic models - the TCR series and continue to launch products featuring aerodynamics, endurance and competition-grade. Tying in with components of our proprietary brands, we pursue growth prudently and sustain our advantages in the fiercely competitive On-Road market. We will accelerate our R&D on high-end On-Road technologies to ensure our existing three models can stay tune to the ever-changing market.



X-Road for mixed terrains will catch on the frenzy for gravel bike in the U.S. market. We rollout the brand-new Revolt Advanced Pro built for high efficiency and multi-functions on mixed terrains with an expandability for outdoor travelling. We intend to introduce this model to our global markets to achieve higher market shares worldwide.

As for the Off-Road segment, our production of 29er mountain bikes will continue while introducing professional models for the mainstream trail competitions. These models will incorporate riders' need for versatile riding. Giant is scheduled to launch the overhauled 27.5 trail bikes in 2021 to secure the niche market with better riding flexibility and fun.

This year, with the mainstream fever over 29er mountain bikes, Liv will continue to tone up the 29er platform and complete the mountain bike product lines for female consumers to enjoy full-scale choices. At the same time, in response to the enormous global demand for exercise and commuter bikes, we will carry on enhancing and incorporating the existing models with Giant's technologies such as D-fuse shock-absorbent technology, internal cable routing technique and carbon composite layer technology.

E-bike has grown substantially in recent years. To further the brand advantage, we will extend the scope to include Internet of Things (IoT) and strengthen the connections between Rider, Bike and Store in 2021 for more comprehensive after-sales services and consumer experience. IoT forges a smarter and more convenient link between rider's apparel, bike gears and the E-

bikes. Also, the EnergyPak Smart 750 integrated battery will make its debut, increasing the riding range to 230 kilometers. The latest SyncDrive Pro motor has a maximum torque of 85Nm with a weight of 2.8 Kg, 300 grams lighter than the previous generation. The Smart Gateway technology gives E-bike more flexibility and freedom. Consumers can upgrade their gears through E-bike Gear, e.g., to acquire high-capacity batteries, range extender batteries, controller and screens, where components are compatible and can be interconnected. Consumers can enjoy infinite possibilities when it comes to building their own E-bike. In addition to all advantages above, our flagship model in 2021, Trance X Advanced E+, will be the first carbon composite, full-suspension e-mountain bike. It is guaranteed to be a market sensation and further push up our sales.



As the emerging premium component brand, CADEX will persist on launching products with cutting edge features for high-end riders to expand its brand influence. We have scheduled to rollout the brand-new carbon wheelsets for road bikes, performance level tubeless tires as well as handlebars to complete our product lines in order to satisfy diverse demand of upscale riders.

For components, we will advance on in-house parts and demonstrate our expertise and potential accumulated over the years through constant upgrades in the production line of performance-level road bike wheels for riders to enjoy an exceptional and comfortable cycling experience. Novel handlebars and stems for Off-Road bikes will be developed to meet the demands of modern mountain bikes.



ROAD WHEELSYSTEMS



AERO WHEELSYSTEMS



SADDLES



TIRES

(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 declined due to changes in economic environment and market demand. The export of average bicycles to the EU dropped year-over-year partially due to EU policies. In an attempt to support economic development of the third world countries, bikes produced in Southeast Asian countries qualified for EU's preferential tariff system can enjoy zero tariff. Consequently, Taiwan has lost its advantages in many of the export models to the EU. Nevertheless, the average unit price for export has raised steadily, proving Taiwan's leading position in high-end bicycles.

In recent years, we saw explosive growth in E-bike exports which drove the industry growth. Approximately 760 thousand units of E-bikes were exported from Taiwan in 2020,

which amounted to US\$987 million, up 114% from 2019. Taiwan’s profound expertise in manufacturing traditional bikes coupled with its technology capability can 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	Transmission systems and others	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	Front and back derailleur Shifter Shifter cable Spur gear Chain, freewheel Pedal, mirror etc...	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\$939,896thousand in 2020

2. Technologies or products development strategies

Our product development in 2020 focused on the mainstream market, where product value enhancement was set as our design benchmark in pursuit of scale expansion.

For On-Road bikes, the brand new TCR series made their debut in 2020. On top of successfully integrated pedaling efficiency, maneuverability, aerodynamics and comfort, these models took the lead in many bike-of-the-year assessments organized by professional cycling magazines both at home and abroad in the highly competitive On-Road cycling market with our innovative automated carbon technology. The success of TCR not only boosted our market shares but also enhanced Giant’s image of fine-quality for On-Road bikes.

The new models of X-Road series rode on the megatrend of outdoor riding in the major markets. The classic Roam model was revamped based on three key elements: crossover, multi-terrain and enhanced comfort, redefining the appearance of classical mix-terrain bicycles while creating strong sales records.

Extending the innovations in 29er mountain bikes and the upsurge of enduro mountain bike racing, we rolled out the all-new Trance X 29 series. Equipped with longer suspension travel, Trance X 29 was given revolutionary appearance and more complete features. It has been widely acclaimed by professional mountain bike magazines and has drawn astounding

attention as well as creating a positive image in the market, continuing our success in Trance series.

The Giant Group has yet again demonstrated its solid foundation and innovations in E-bike through Trance X E+ 29 which was released during the online product conference in September 2020, attracting the attention of many well-known cycling and E-bike media worldwide. It is a 29-inch wheels e-mountain bike aligned with cycling trends and equipped with 150mm fork plus full suspension. With its ultimate control, traction and crossover, users can demonstrate their skills and enjoy the speed at steep or complex terrains.

Momentum continued to thrive in the lifestyle E-bike segment with significant revenue spikes in the U.S., Canada and Australia in 2020, particularly in the U.S. market where sales volume rose by more than six times. Moreover, the passing of regulations allowing bicycles to be fitted with qualified child bike seats in Taiwan drove Momentum Latte E+ and Latte to compete in the parent sector and successfully explored the business opportunities for parent-child bikes.



In terms of indoor cycling, besides constant improvements on Power Pro, we unveiled self-made CycloSmart in 2020. Along with our indoor training products such as power meters, a wider range of quality options are now available to consumers. We encourage them to take on scientific and effective training methods, providing them with a sporting alternative not restricted by time nor weather conditions.

As for bike gears, the Recon headlight series continued to employ smart detection, competitive lumen output and excellent designs. The H2Pro series used Giant's exclusive 3-layer H2Tex materials, featuring lightweight, durability and waterproof. Consumers enjoying bike trips or enduro challenges now have a more suitable option in bike bags.

Uphold the design philosophy of "For Women By Women", Liv introduced bikes and professional apparels best suited for women. With assistance and testing from professional

athletes of the Liv Racing World Team, the latest cyclocross model, Brava, was rolled out. It captured plenty of attention and victories at competitions with high-performance frame geometry, advanced-grade composite and top-notch components. Moreover, on the trend of gravel bikes, Liv also successfully introduced the first female gravel bike, Devote, for female riders to enjoy speed and comfort in competitions or long-distance travel.



For its Off-Road product lines, Liv launched the Intrigue Advanced Pro 29 series platform. Using advanced-grade composite, Liv created the best frame geometry for women, giving riders in pursuit of speed and performance the best trail bike to tackle steep climbs and demanding descents. The Maestro flip chip system offers two-position adjustments, allowing riders to adopt the best riding geometry at different terrains.

In terms of E-bike, Liv adopted Liv Electrified and launched full ranges of female-specific E-bikes, both Off-Road and X-Road. Besides advanced models, two entry-level ones were available to consumers: Tempt E+ and Rove E+. The unexpected booming sales indicated that more females were enticed to take on cycling.



Liv offered complete and diverse apparel products in 2020 and made an attempt at unprecedented innovations. Besides the four eye-catching cycling apparels which came in limited editions, Liv also rolled out the premium Race Day series. The Liv Logo incorporated rainbow color and graphics design. The reflective colors not only enhanced safety, the gradations of color allowed the bikes to stand out. Female cyclists can enjoy riding without sacrificing their love for beauty. Tropic Collection had even won the Taipei Cycle d&i Gold Award in 2021. Besides, the professional road bike helmet, Liv Rev Pro, which came with LiteForm™ webbing and Liv CINCH Pro MIPS™ technology for enhanced comfort as well as safety, gave riders a superior cycling experience.



To expand the line of premium tubeless tires and satisfy the diverse demand from modern road cyclists, the high-end component brand, CADEX, introduced the CADEX Classics Tubeless tire. With the combination of RR-S AR compound, the tire aimed to conquer all road conditions. It not only retained the original rolling efficiency, but added grip and durability for riders to have total control under all conditions. The use of Race Shield +, a lightweight puncture protection layer, offered 34% more puncture protection than the former Race Shield without compromising road feel and acceleration.

(4) Long and short-term business plans

The Company's long-term objective is to be the world's best bicycle company and brand, share with consumers worldwide the joy of riding, and create new cycling lifestyles and cultures. Driven by the brand value of “inspiring the passion to explore”, Giant continues to focus on the research, development, innovation and production of bikes. At the same time, we cultivate our brands and markets, strengthen global distribution network, reinforce operation and management of subsidiaries, and foster our value chain to create differentiated competitive advantages so that Giant can become the world's best bicycle company and consumers' most preferred brand.

The short-term business plans involve automated production and rebuilding of the European supply chain to enhance the Group's overall competitiveness in manufacturing and supplies. For sales, we will strengthen sales channels by integrating online and offline channels, expand E-bike product lines to enjoy the frenzy sales and build up revenue growth momentum of the Group. The long-term business plans focus on improving our management in different markets around the world. Besides offering innovative products to satisfy consumers' demand through our four main brands: Giant, Liv, Momentum and CADEX, we will keep on promoting the new cycling culture. Furthermore, our subsidiaries around the world will fortify their business and management to achieve sound operations and reduce business risks.

2. Market and sales overview

(1) Market analysis

The industry expects to see continuous growth in the global bicycle market with the market size reaching US\$147.2 billion by 2027. Asia Pacific region is deemed as the most promising market among all and E-bike is anticipated to lead the market.

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	1,074	15,377,870	21.96%
Europe	881	27,135,694	38.76%
Asia	1,791	17,081,465	24.40%
Taiwan	131	3,739,646	5.34%
Others	594	6,676,174	9.54%
Total	4,471	70,010,849	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 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 on 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. 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 the consumers' cycling requirements worldwide. Regardless of the environment or purpose of the rides, consumers can find a bike that meet and satisfy their requirements through Giant's 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 new 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 adopting 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. 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 facilitate the shift of manufacturing towards Industry 4.0.

(3) Marketing advantage

The Company's balanced strategy to market its proprietary brands while maintaining OEM/ODM service was devised more than a decade ago. It manufactures for reputable global brands while 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 O+O 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 last few years, helping consumers with choosing the right model. Through this service, Giant can also forge a deeper bond with consumers.

(5) Competitive advantage that stretches the entire value chain

The Company markets its products to the world under proprietary brands. Our business scope covers the entire value chain from research, development, procurement, production, manufacturing, sales, marketing, branding, after-sale service, operational 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 facilitates 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. However, the primary source of GHG is motor vehicles.

Cycling is a clean form of transportation that produces neither air pollution nor noise pollution, making it an ideal solution for moving at short distance or within communities and an important commuting "partner". 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 bring 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 to commute. As it greatly benefits the physical and mental health of body and mind, it has become a fashionable health product, 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. In terms of the completeness of associated industries in Taiwan, there are still enormous potentials for the development of innovative and high value-adding products. Moreover, Taiwan has long been a world's main exporting nation, which indicates strong global competitiveness in terms of assembled bikes and parts. Combining with Taiwanese enterprises' 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.

(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 profession, 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	Self-produced 3 rd party vendors	Good
Controls and wheels	Handlebar, handlepost, saddle, seat post Rim, gear, steel wire, tire and tube	Self-produced 3 rd party vendors	Good
Drivers and suspension systems	Brake lever, rim brake, brake wire Suspension fork, rear suspension	3 rd party vendors	Good
Transmission systems and others	Front and back derailleur, shifter. Shifter cable, spur gear, chain, freewheel Pedal, mirror etc...	3 rd party vendors	Good
E-systems	Motor, Batteries, Computer etc...	3 rd party vendors	Good

(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	2019				2020			
	Name (Note 1)	Amount	% of annual net purchases [%]	Relation-ship	Name (Note 1)	Amount	% of annual net purchases [%]	Relation-ship
1	G2955	5,623,442	11.29	3 rd party	G2955	6,616,698	12.29	3 rd party
	Others	44,169,147	88.71		Others	47,225,405	87.71	
	Net purchase	49,792,589	100.00		Net purchase	53,842,103	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	2019				2020			
	Name (Note 1)	Amount	% of annual net sales [%]	Relation-ship	Name (Note 1)	Amount	% of annual net sales [%]	Relation-ship
1	G3001	12,021,904	18.95	Non-related	G3001	11,067,452	15.81	Non-related
2	G3002	8,694,236	13.70	Non-related	G3002	8,784,404	12.55	Non-related
	Others	42,733,393	67.35		Others	50,158,993	71.64	
	Net sales	63,449,533	100.00		Net sales	70,010,849	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	2019			2020		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Bikes		5,057	4,537	54,180,048	5,500	4,901	55,883,736
Materials		-	-	4,551,090	-	-	4,455,825
Total		5,057	4,537	58,731,138	5,500	4,901	60,339,561

Note: 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

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

Unit: NTD thousands; thousand units

Main products	Year	2019				2020			
		Domestic sale		Export sale		Domestic sale		Export sale	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Bikes		100	1,366,870	4,062	55,197,534	131	1,661,064	4,340	61,839,252
Materials		-	-	-	4,173,046	-	-	-	4,190,452
Others		-	1,883,015	-	829,068	-	2,078,582	-	241,499
Total		100	3,249,885	4,062	60,199,648	131	3,739,646	4,340	66,271,203

3. Employees:

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

Year		2019	2020	Year-to-date March 30,2021
Employee count	Managers	251	254	253
	Staff	2,583	2,626	2,954
	Workers	8,976	9,149	10,503
	Total	11,810	12,029	13,710
Average age		34.16	34.88	35.24
Average years of service		5.67	5.86	6.18
Academic background (%)	Doctoral Degree	0.02	0.02	0.02
	Master's Degree	1.56	1.98	2.04
	Bachelor's Degree	17.57	17.57	17.62
	Senior High School	47.35	47.58	45.26
	Below senior high school	33.49	34.83	35.06

4. Contribution to environmental protection:

- (1) The Company's aggregate loss for environmental pollution in the most recent fiscal year up to the publication date of this annual report: As stated in No. Environmental-Water-1090115120 and No. Environmental-Water-1100000246 issued by the Taichung City Government in October 2020 and January 2021, the fine amounted to NT\$243,000 and NT\$1,386,000, respectively, due to violations of provisions in Paragraph 1, Article 7 of the Water Pollution Control Act with suspended solids and fluorine exceeding the standards.

Countermeasures: In response to rapid changes in market demand and products, the Company would simultaneously improve manufacturing processes and pollution control facilities to fulfill regulatory requirements.

- (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 industrial hazards, 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 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, 2,491 employees participated in safety awareness promotion with a total of 7,473 training hours and 193 employees participated in the training for profession licenses with a total of 1,680 training hours in 2020. Safety, health and environment protection activities were held within and outside factories and improved pursuant to guidance and principles of OSH management system (ISO 45001/TOSHMS/CNS 45001).

- (2) Reduce environmental pollution:

Besides maintaining the effectiveness of existing pollution control facilities and water treatment systems, we continue to bring in wastewater and exhaust gas treatment facilities in response to increasing pollution control regulations and to enhance our eco-friendliness level. Through process improvement and recycling of materials and resources, we operate with the objectives of sustainability and fulfillment of corporate social responsibility.

- (3) Enhance industrial waste reduction and resource/energy recycling:

Storage areas for waste and chemicals are further improved.

Industrial waste is handled by institutions approved by the Environmental Protection Administration.

Energy is recycled for reuse, e.g., the use of waste cold and waste heat, besides enhancing its utilization efficiency.

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.

- (4) Regular environmental assessments:

We engage institutions certified by the government to monitor water quality (effluents, groundwater, and drinking water), air, noise, dust, special chemicals and organic solvents.

(5) Occupational Safety and Health Committee:

We have adopted the OSH management system (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 had renewed the OSH management system certificate with SGS in February 2020.

(6) 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 and its staff includes professional nurses and physicians who specialize in occupational medicine. They constantly involve with health management, prevention of occupational diseases and health promotion activities stipulated by laws and regulations and forge a more friendly workplace.

(7) Introduce energy conservation policies for environmental protection and carbon reduction

- a. Adoption of energy-saving facilities (lighting systems, motors, air compressors, air conditioning and inverters)
- b. Adoption of eco-friendly facilities (electrolysis machines for wastewater treatment and exhaust gas treatment system)
- c. Reuse (release paper, heat energy and cold energy)
- d. Resource and energy monitoring system (water, electricity and gas)

Old lighting systems are replaced with energy-saving LEDs.

Old air conditioning is replaced with inverter air conditioners to effectively control and maintain temperature at an energy-saving level.

New air compressors come with inverters which save energy and streamline management and equipment maintenance.

Giant uses CNS14400-certified IE3 energy-saving motors as regulated.

The old heavy oil-based boilers are replaced with natural gas-based ones.

Dry dust collectors are replaced with wet dust collectors for better control efficiency.

(8) To pass the ISO14064 - GHG Inventory

The Company was certified for ISO 14064-1:2006 GHG Inventory by SGS in April 2010. Our GHG emission did not put us among entities with large GHG emission (>25,000 tonnes) which were required by the Environmental Protection Administration as the second batch of entities to file reports. We have regular filings to meet environmental protection requirements.

The factory emitted 16,400 tonnes of GHG in 2020. However, the use of YouBike cut CO₂ by 70,000 tonnes (based on motorcycle emission rate), which was 4.27 times the emission from factory. We achieved excellent efficiency.

The Company took aggressive measures to reduce carbon emission. The quantitative targets

for future years: The Company aims to lower GHG by 10%, carbon emission of factory by 15%, and water consumption by 20% by 2021.

Measures taken to achieve the targets:

a. We have gradually added exhaust gas treatment devices as part of our pollution control facilities since 2018 with a cumulative investment amounted to NT\$15 million at present. The total investment is estimated to be NT\$150 million to effectively lower the emission of particle pollution, VOCs, NOx, and SOx.

b. We replace non-thermal adsorption dryers for air compressors with thermal absorption dryers:

Annual power consumption dropped from 109,800 KW/year to 31,608 KW/year and the annual electricity expense went down from NT\$439,200/year to NT\$126,432/year, a saving of NT\$312,768/year (71%). We also replaced five motors with IE3 ones. GHG reduction: 60 tCO₂e/year, and savings of NT\$330,000/year

c. In 2020, the Company spent a total of NT\$12 million on strengthening the hardware facilities of wastewater treatment plant and subsequently installed automatic dispensing and remote water quality monitoring systems for the ultimate goal of wastewater reduction, recycling and reuse. Two sand filter towers were installed to improve the stability of effluent.

(9) Rules governing the promotion of environmental protection, energy conservation, and carbon reduction

Corporate environmental policy: 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.

Emissions of Giant’s Taiwan factory in the past two years are as follows:

Items	2019	2020	Changes
GHG emission	17,248 t/year	16,438.7 t/year	-5%
Water consumption	513,000 t/year	648,000 t/year	26%
Total waste	5,021.22 t/year	5,320 t/year	6%

In 2020, the growth of production and revenue in Taiwan factories led to an increase in emissions. However, the percentage increase of the latter was less than that of the output value. Thus, on the whole, emissions of unit production decreased year-over-year.

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:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

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 brought 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."

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 site. 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 least with a sense of stability.

(2) Work hours: The Company gives employees the flexibility of adjusting work hours to suit their needs, as long as they complete a total of 8 hours of work each day.

(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 fully 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) Compensation benefits:

- Profit-sharing and bonus: By linking bonus with business performance, the Company creates a foundation of mutual trust and involves everyone in the running of the business.
- In Article of Incorporation, when the Company makes a profit for the year, the compensation to employees shall be between 6 to 12 percent of the balance. In 2019, the employee compensation amounted to NT\$312,080,675 in cash.
- Differentiated compensation: The Company rewards employees for outstanding ability and contribution.
- Subsidies: The Company offers a broad range of subsidies for occasions such as wedding, funeral, celebration, childbirth, festivals (Chinese New Year, Duanwu

and Mid-autumn), birthday, book purchase and magazine subscription.

- Employees are entitled to purchase Giant bikes at discounted price and are subsidized for cycling tours.
- Employee Welfare Committee: Arranges discounts at partnered merchants and provides scholarship for employees' children.

(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 offers full assistance to accommodating expatriate employees, and supports them with fully subsidized accommodation and facilities.
- In addition to mandatory Labor Insurance and National Health Insurance, the Company also provides group insurance to cover employees' personal safety.
- Employees who are assigned to overseas business trips are covered by travel insurance for the entire duration of their trips.
- Canteens are available at business premises; they provide a wide choice of nutrition-balanced menus.
- Employee carparks have been made available to accommodate employees living in remote areas.
- Shuttle bus service has been arranged for the convenience of employees living nearby.

(6) Employee training and education:

The Company sees talents as critical capital to its operations. "Learning ability" is one of the key indicators we use to evaluate employees, and at Giant, we offer a diversified learning environment where employees are able to continuously improve themselves for the challenges ahead. Giant University adopts the following ideals when designing skill development programs for employees:

- 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 capacity in ways that support their future career development. In addition to internal courses, we also arrange opportunities for employees to interact with leading businesses.
- 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. We have a number of programs available to achieve this purpose, such as: employee exchange, expatriate assignment, retail store internship for new recruits, project involvement etc.
- Tolerance: We believe in employees' ability to quickly learn 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 qualities.

(7) Retirement policy:

Giant Group's retirement policies have been developed by various subsidiaries in compliance with local regulations. Employees located within the Republic of China are subject to the retirement policy established in accordance with the Labor Standards Act, in which 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 before July 1, 2005 were given the freedom to choose between the two pension systems provided under the "Labor Pension Act" and the "Labor Standards Act." Selection could be made at any time within the 5 years 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, whereas one basis point is awarded for every full year of service completed beyond 15 years, subject to a maximum of 45 basis points.
- Employees who satisfy any of the following conditions may voluntarily retire: aged 55 or above and having completed 15 years of service; having completed 25 years of service; aged 60 or above and having completed 10 years of service
- The Company has implemented an Honorary Retirement Reward Policy to encourage employees' best efforts and to thank them for their contributions over the course of their service. Employees who accumulate the required years of service for statutory retirement from any entities under Giant Group are rewarded with an employee signature bicycle, a trophy, and life-time membership at Giant stores.

(2) Losses arising as a result of labor disputes (including violations of Labor Standards Act identified during labor inspections, where the punishment date, official document number, articles violated, and details of the violation and punishment shall be explicitly stated) in the most recent fiscal year up to the publication date of this annual report: None

6. Major contracts:

Contract nature	Parties	Contract start/end date	Main contents	Restrictive clauses
1. Cycling team sponsorship contract	CONTINUUM SPORTS LLC ARCOIRIS CYCLING B.V.	From: January 2019 To: December 2020	Sponsoring of professional cycling teams CCC team	None
2. Cycling team sponsorship contract	CONTINUUM SPORTS LLC ARCOIRIS CYCLING B.V.	From: January 2019 To: December 2021	Sponsoring of professional cycling teams CCC Liv team	None
3. Construction contract	Houli Construction Co., Ltd.	From: September 2019 To: November 2020	Construction of distribution center at Dajia Youth Industrial Park	Non

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)				
		2016 (Note 5)	2017	2018	2019	2020
Current assets		35,233,955	35,877,494	39,132,740	42,635,282	45,399,224
Property, plant and equipment (Note 2)		7,835,650	8,264,758	9,183,491	10,587,542	11,964,933
Intangible assets		189,709	212,653	210,389	469,860	453,506
Other assets (Note 2)		3,114,296	3,433,027	4,108,615	5,337,466	4,684,125
Total assets		46,373,610	47,787,932	52,635,235	59,030,150	62,501,788
Current liabilities	Before	23,464,011	24,022,593	27,189,407	30,414,567	28,037,774
	After	25,339,334	25,335,319	27,189,407	30,414,567	28,037,774
Non-current liabilities		2,414,157	2,757,756	3,176,893	5,151,421	7,503,156
Total liabilities	Before	25,878,168	26,780,349	30,366,300	35,565,988	35,540,930
	After	27,753,491	28,093,075	32,091,597	37,291,285	35,540,930
Equity attributable to the parent company shareholders		19,969,427	19,619,519	20,806,034	21,843,084	25,173,298
Share capital		3,750,646	3,750,646	3,750,646	3,750,646	3,750,646
Capital reserves		1,720,831	1,804,659	1,806,688	1,803,097	1,792,401
Retained earnings	Before	15,611,268	15,066,901	16,620,428	18,244,548	21,568,375
	After	13,735,945	13,754,175	14,895,131	16,519,251	21,568,375
Other equity items		(1,113,318)	(1,002,687)	(1,371,728)	(1,955,207)	(1,938,124)
Treasury stocks		474,209	—	—	—	—
Non-controlling interests		51,806	1,388,064	1,462,901	1,621,078	1,787,560
Total equity	Before	20,495,442	21,007,583	22,268,935	23,464,162	26,960,858
	After	18,620,119	19,694,857	20,543,638	21,738,865	26,960,858

* 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.

Note 5: Restated financial information.

Balance Sheet – The Parent Company only

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2016 (Note5)	2017	2018	2019	2020
Current assets		8,677,371	7,391,497	8,155,893	11,434,251	11,163,249
Property, plant and equipment (Note 2)		1,948,058	2,081,994	2,553,044	3,409,869	3,853,656
Intangible assets		17,213	21,115	17,858	275,362	261,435
Other assets (Note 2)		20,172,830	20,370,487	22,110,042	23,141,556	24,747,448
Total assets		30,815,472	29,865,093	32,836,837	38,261,038	40,025,788
Current liabilities	Before	9,496,958	9,386,781	11,092,767	14,156,334	12,015,552
	After	11,372,281	10,699,507	12,818,064	15,881,631	12,015,552
Non-current liabilities		874,878	858,793	938,036	2,261,620	2,836,938
Total liabilities	Before	10,371,836	10,245,574	12,030,803	16,417,954	14,852,490
	After	12,247,159	11,558,300	13,756,100	18,143,251	14,852,490
Equity attributable to shareholders of the parent company		19,969,427	19,619,519	20,806,034	21,843,084	25,173,298
Share capital		3,750,646	3,750,646	3,750,646	3,750,646	3,750,646
Capital reserves		1,720,831	1,804,659	1,806,688	1,803,097	1,792,401
Retained earnings	Before	15,611,268	15,066,901	16,620,428	18,244,548	21,568,375
	After	13,735,945	13,754,175	14,895,131	16,519,251	21,568,375
Other equity items		(1,113,318)	(1,002,687)	(1,371,728)	(1,955,207)	(1,938,124)
Treasury stocks		474,209	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before	20,443,636	19,619,519	20,806,034	21,843,084	25,173,298
	After	18,568,313	18,306,793	19,080,737	20,117,787	25,173,298

* 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.

Note 5: Restated financial information.

Consolidated Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial information for the last 5 years (Note 1)				
	2016 (Note 4)	2017	2018	2019	2020
Operating revenues	57,220,917	55,211,771	60,239,417	63,449,533	70,010,849
Gross profit	11,910,343	11,038,691	12,491,652	13,656,944	16,168,746
Operating profit	3,802,066	2,949,922	3,903,549	4,732,283	6,858,273
Non-operating revenues and expenses	524,533	(47,361)	341,546	77,420	(25,407)
Pre-tax profit	4,326,599	2,902,561	4,245,905	4,809,703	6,832,866
Net income from continuing operations	3,143,695	2,076,979	2,968,463	3,594,697	5,175,909
Loss from discontinued operations	—	—	—	—	—
Net income (loss)	3,143,695	2,076,979	2,968,463	3,594,697	5,175,909
Other comprehensive income/loss (net, after tax)	(1,168,300)	109,117	(397,801)	(668,125)	122,570
Total comprehensive income for the current period	1,975,395	2,186,096	2,570,662	2,926,572	5,298,479
Net income attributable to shareholders of the parent company	3,065,367	2,054,269	2,863,907	3,374,633	4,948,959
Net income attributable to joint control of predecessor shareholders	75,704	19,892	—	—	—
Net income attributable to non-controlling shareholders	2,624	2,818	104,556	220,064	226,950
Comprehensive income attributable to shareholders of the parent company	1,938,069	2,168,185	2,497,212	2,765,938	5,066,207
Comprehensive income attributable to joint control of predecessor shareholders	39,505	14,575	—	—	—
Comprehensive income attributable to non-controlling shareholders	(2,179)	3,336	73,450	160,634	232,272
Earnings per share (NT\$)	8.17	5.48	7.64	9.00	13.19

* 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.

Note 4: Restated financial information.

The Parent Company only Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2016 (Note 4)	2017	2018	2019	2020
Operating revenues		21,124,330	19,573,873	22,402,984	25,865,158	28,014,958
Gross profit		2,659,580	2,414,664	3,124,421	3,152,102	3,632,396
Operating profit		895,372	485,480	1,206,142	1,067,103	1,625,813
Non-operating revenues and expenses		2,695,708	1,741,165	2,431,676	2,677,867	4,158,093
Pre-tax profit		3,591,080	2,226,645	3,637,818	3,744,970	5,783,906
Net income from continuing operations		3,141,071	2,074,161	2,863,907	3,374,633	4,948,959
Loss from discontinued operations		—	—	—	—	—
Net income (loss)		3,141,071	2,074,161	2,863,907	3,374,633	4,948,959
Other comprehensive income/loss (net, after tax)		(1,163,497)	108,599	(366,695)	(608,695)	117,248
Total comprehensive income/loss for the current period		1,977,574	2,182,760	2,497,212	2,765,938	5,066,207
Net income attributable to shareholders of the parent company		3,065,367	2,054,269	2,863,907	3,374,633	4,948,959
Net income attributable to joint control of predecessor shareholders		75,704	19,892	—	—	—
Comprehensive income attributable to shareholders of the parent company		1,938,069	2,168,185	2,497,212	2,765,938	5,066,207
Comprehensive income attributable to joint control of predecessor shareholders		39,505	14,575	—	—	—
Earnings per share (NT\$)		8.17	5.48	7.64	9.00	13.19

* 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.

Note 4: Restated financial information.

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

Year	Name of accounting firm	Certifying accountant	Audit opinion
2016	Deloitte Touche Taiwan	Yen, Hsiao-Fang Tseng, Tung-Yun	Unqualified opinion with the addition of "Other Issues" paragraph
2017	Deloitte Touche Taiwan	Yen, Hsiao-Fang Wu, Lie-Dong	Unqualified opinion with emphasis matter and the addition of "Other Issues" paragraph
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

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				
			2016 (Note 4)	2017	2018	2019	2020
Financial position (%)	Debt to assets ratio		55.80	56.04	57.69	60.25	56.86
	Long-term capital to property, plants and equipment		285.66	270.76	261.15	254.96	273.10
Solvency (%)	Current ratio		150.16	149.35	143.93	140.18	161.92
	Quick ratio		83.98	85.52	83.31	82.88	93.96
	Interest coverage ratio		33.53	16.97	16.03	16.55	29.63
Operating efficiency	Accounts receivable turnover (times)		4.97	4.55	4.55	4.37	5.12
	Average cash collection days		73.44	80.21	80.21	83.52	71.28
	Inventory turnover (times)		3.03	2.92	3.04	2.93	2.98
	Accounts payable turnover (times)		7.82	7.15	7.29	7.57	7.44
	Average inventory turnover days		120.46	125	120.06	124.57	122.48
	Property, plant and equipment turnover (times)		7.39	6.86	6.90	6.42	6.21
	Total assets turnover (times)		1.24	1.17	1.20	1.14	1.15
Profitability	Return on assets (%)		6.85	4.64	6.31	6.46	8.44
	Return on equity (%)		15.20	10.38	14.17	15.83	21.05
	Pre-tax profit to paid-in capital (%) (Note 7)		115.36	77.39	113.18	128.24	182.18
	Net profit margin (%)		5.36	3.72	4.75	5.32	7.07
	Earnings per share (NTD)		8.17	5.48	7.64	9.00	13.19
Cash flow	Cash flow ratio (%)		10.43	12.26	9.91	6.37	40.65
	Cash flow adequacy ratio (%)		77.73	90.17	69.12	52.72	88.38
	Cash reinvestment ratio (%)		0.41	3.47	4.16	0.57	21.98
Degree of leverage	Operating leverage		3.33	3.85	3.54	2.91	2.33
Explanation to major variations in the last two years:							
1. The change of solvency & profitability ratio: The impact of anti-epidemic fitness against COVID-19 and hot sale of e-bikes continues to benefit our revenue, operating profit and pre-tax profit.							
2. The change of cashflow ratio: due to low inventory level and abundant funds.							

* 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:

Note 4: Restated financial information.

The Parent Company only financial analysis

Year (Note 1)		Financial analysis for the last 5 years				
		2016 (Note 3)	2017	20178	2019	2020
Analysis (Note 2)						
Financial position (%)	Debt to assets ratio	33.66	34.31	36.64	42.91	37.11
	Long-term capital to property, plants and equipment ratio	1,070.00	983.59	851.69	706.91	726.85
Solvency (%)	Current ratio	91.37	78.74	73.52	80.77	92.91
	Quick ratio	63.95	52.98	48.70	52.51	53.28
	Interest coverage ratio	91.46	66.76	79.59	88.16	110.60
Operating efficiency	Accounts receivable turnover (times)	4.39	4.44	4.85	4.67	4.85
	Average cash collection days	83.14	82.21	75.26	78.16	75.26
	Inventory turnover (times)	7.75	7.34	7.75	6.80	5.63
	Accounts payable turnover (times)	6.13	6.27	6.54	6.81	6.05
	Average inventory turnover days	47.10	49.73	47.10	53.68	64.83
	Property, plant and equipment turnover (times)	12.62	9.71	9.67	8.68	7.71
	Total assets turnover (times)	0.68	0.65	0.71	0.73	0.72
Profitability	Return on assets (%)	9.98	6.87	9.25	9.60	12.76
	Return on equity (%)	15.20	10.38	14.17	15.83	21.05
	Pre-tax profit to paid-in capital (%) (Note 7)	95.75	59.37	96.99	99.85	154.21
	Net profit margin (%)	14.51	10.49	12.78	13.05	17.67
	Earnings per share (NTD)	8.17	5.48	7.64	9.00	13.19
Cash flow	Cash flow ratio (%)	11.55	13.57	9.23	6.82	24.19
	Cash flow adequacy ratio (%)	39.10	46.35	37.0	20.13	31.59
	Cash reinvestment ratio (%)	—	—	—	—	3.96
Degree of leverage	Operating leverage	2.98	5.97	2.94	4.42	3.29

Explanation to major variations in the last two years:

1. The change of solvency & profitability ratio: The impact of anti-epidemic fitness against COVID-19 and hot sale of e-bikes continues to benefit our revenue, operating profit and pre-tax profit.
2. The change of cashflow ratio: due to low inventory level and abundant funds.

Note 1: Highlight unaudited financial data where appropriate.

Note 2: Formulas of various analysis are defined below:

Note3: Restated financial information.

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 2020*

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, 2020. 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 148~229 of this annual report.*
5. *The latest audited the parent-company-only financial report: Please refer to pages 230~ 300 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	2019	2020	Variation	
			Amount	%
Current assets	42,635,282	45,399,224	2,763,942	6%
Fixed assets	10,587,542	11,964,933	1,377,391	13%
Intangible and other assets	5,807,326	5,137,631	(669,695)	-12%
Total assets	59,030,150	62,501,788	3,471,638	6%
Current liabilities	30,414,567	28,037,774	(2,376,793)	-8%
Total liabilities	35,565,988	35,540,930	(25,058)	0%
Share capital	3,750,646	3,750,646	0	0%
Capital reserves	1,803,097	1,792,401	(10,696)	-1%
Retained earnings	16,289,341	19,630,251	3,340,910	21%
Total shareholders' equity	23,464,162	26,960,858	3,496,696	15%
<p>Explanation to major variations: The revenue grows 10.3% YoY and the net income reaches the record high, both drive the growth of the retained earnings and total shareholders' equity.</p>				

2. Comparative analysis of financial performance

Unit: NT\$ thousands

Item	Year	2019	2020	Variation	Variation (%)
Net operating revenues		63,449,533	70,010,849	6,561,316	10%
Operating costs		49,792,589	53,842,103	4,049,514	8%
Gross profit		13,656,944	16,168,746	2,511,802	18%
Operating expenses		8,924,661	9,310,473	385,812	4%
Operating profit		4,732,283	6,858,273	2,125,990	45%
Non-operating revenues and expenses		77,420	(25,407)	(102,827)	-133%
Pre-tax profit		4,809,703	6,832,866	2,023,163	42%
Income tax		1,215,006	1,656,957	441,951	36%
Net income		3,594,697	5,175,909	1,581,212	44%

1. Explanation to major variations:

COVID-19 brings huge impact on the industry and the Giant Group. As bicycles became one of the top-selling products and the booming sales of E-bike continued, both operating profit and pre-tax profit went up. However, non-operating revenues decreased due to unfavorable exchange rate movements.

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

Confronted by trade protectionism and changes in regional economies, we expect the material costs as well as freight cost to increase due to supply shortage. The Giant Group will enhance internal competitiveness to handle challenges with ease. This is a golden opportunity to continue with our transformation and upgrades. Through production automation, operation of logistic centers and digital marketing improvement, we will accelerate the integration and deployment of group resources and ride on the surging bike sales for the Group to enjoy stable growth.

3. Cash flow review and analysis

(1) Liquidity analysis for the last 2 years

Item	2019	2020	Variation (%)
Cash flow ratio (%)	6.37	40.65	538%
Cash flow adequacy ratio (%)	52.72	88.38	68%
Cash reinvestment ratio (%)	0.57	21.98	3756%

Explanation to major variations:

- Cash flow-related ratios increase is mainly due to the substantial growth of revenue which result in net cash inflow from operating activities in 2020.

(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
9,371,165	1,490,479	3,140,156	7,721,488	-	-

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

- (1) Operating activities: The Company expects to produce net cash inflow from operating activities in 2021.
- (2) Investing activities: The Company expects to incur cash outflow from investing activities due to capital expenditures planned in 2021.
- (3) Financing activities: The Company expects to incur cash outflow from financing activities due to payment of cash dividends in 2021.

2. Responsive measures and liquidity analysis for cash flow deficits: Not applicable.

3. Liquidity analysis for the next year

The Company expects to generate net cash inflow from operating activities in 2021, but incur net cash outflow from investing and financing activities due to capital expenditures and earnings distribution. Bank borrowings will be drawn where appropriate to meet cash deficits. Overall, the Company expects to maintain adequate cash flow in 2021.

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	
				2021 - budgeted	2020 - actual
Replacement and renewal of property, automated production equipment, and work safety/environmental protection equipment	Working capital	2021.12	4,064,218	1,896,326	2,167,892
Replacement/renewal of office and IT equipment	Working capital	2021.12	591,439	381,449	209,990
Investment in Giant distribution channel	Working capital	2021.12	189,145	108,109	81,036

(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, we add logistic centers, 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 and 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

Analysis of Invested Businesses

Item	Description	Amount	Policies	Main causes of profit or loss	Improvement plans	Other upcoming investment plans
	Investment to establish AIPS Technology CO., Ltd.(AIPS)	NT\$500 million	AIPS will provide products focusing on the exercise, training and mobility of upper and lower limbs to expand into cycling, sports, health care and transportation vehicle industries. The Group can extend its business scope through the operation of an independent company.	None.	Established in September 2020. Operation officially commenced in January 2021	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 responsive measures:

1. The global financial crisis has caused interest rates to fall in the money market. As the global economy recovers, money market interest rate is likely to recover. Interest rate changes in the last few years had helped reduce funding costs. Given the Company's strong financial position and outstanding credibility, it should be able to acquire funding

from banks at reasonable cost if such a need arises.

2. Movements of the NTD exchange rate in 2020 produced an overall loss 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.
3. Taiwan's inflationary pressure in recent years was mainly attributable to rising price of daily necessities. It has no significant impact on the Company's production and sales activities.

(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:

1. 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.
2. 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	1,014,229
2	Development of rider gear and bike gear	
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:

1. 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.
2. 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.

3. North America leads the cycling trends and is one of the major markets. As the world's renowned bicycle and E-bike manufacturer and brand, Giant has operated in the region for over two decades with stores in both U.S. and Canada. Giant is currently one of the three leading brands in the North America. The US-China trade war resulted in U.S. imposing 10% and 25% tariffs on bikes and E-bikes imported from China, respectively. The additional tariffs would affect the Company's deployment in production capacity. Besides shifting partial production back to Taiwan, we cooperated with OEMs in the Southeast Asia to mitigate the impact.

(5) Impacts of changes in technology and industry on Company's finance and business and countermeasures:

Changes in technology facilitated the development of new products and reduced the production costs. It even prompted people to use innovative quality products. Our research and development unit applied numerous sophisticated technologies in the study of cycling science. We continued to evolve in lightweight products, D-fuse technology, internal cable routing technique, carbon composite layer technology, aero carbon spokes and hookless carbon rim design. The hybrid cycling technology of E-bike combined electric power with human power to produce smart, natural and powerful output power, giving users a special riding experience. This system of integrated technologies included RideControl control systems, RideDash display systems, EnergyPak battery systems and SyncDrive motors. The perfect combination created a surging sales of E-bikes.

In terms of manufacturing techniques, the Company headed towards smart manufacturing. We adopted basic components with IoT functions, automation, data management platform, and simulation analysis to accelerate the transformation, optimization, innovation and revolution of factories and shifted towards smart factories. As for marketing, we intensified efforts on digital marketing, combined sports science with IoT, used innovative technology to understand and satisfy consumer demand and offered quality services. We will lead by example and push forward the transformation and upgrade of cycling industry in Taiwan to maintain our competitive advantages in the cycling industry.

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

The Company has long maintained a sound corporate and brand image. It ranks in the fifth place as Taiwan's top ten brands and continues to be the number one bicycle brand, with a brand value of US\$562 million in the 2020 global brand value survey, which at the highest growth rate among, 17% increase compares to the previous year. As the Company enjoys excellent operation and image, there has been no major event that might affect the corporate image nor any change to the image with impact on corporate risk management so far. The Company has a good risk management mechanism in place. In the event of an emergency, the Company will swiftly organize an emergency task force appointing a senior executive to be the convener.

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

None.

(8) Expected benefits and risks relating to plant expansion and countermeasures:

1. Construction of the Hungary factory: The Hungary factory is built to expand our present and strengthen our capacity in short supply chain in Europe. The factory will focus on producing bikes and E-bikes for the demand in Europe. We will gradually ramp up its production capacity.
2. Establishment of AIPS Technology: AIPS Technology provides products focusing on the exercise, training and mobility of upper and lower limbs to expand into cycling, sports, health care and transportation vehicle industries. It builds the Group's competitiveness in smart manufacturing and creates the best benefits for the Group.
3. Logistics centers in Taiwan and Netherland: Giant built a warehousing and automated international logistics center at Youth Industrial Park in Dajia to accelerate the speed of distribution. The Company also built a logistics center for Europe at Lelystad in Netherland. The center will take on the responsibilities of logistics, warehousing, after-sale service and maintenance to support our entire Europe market at a close range, and in particular, to meet the demand of fast-growing E-bike market. The Company will incorporate local retailing network to provide after-sale and maintenance services sensitive to local needs while expanding our influence in Europe.

(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 and supervisors 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.

Information security risk assessment and analysis and countermeasures:

Giant has standard information operation procedures where daily business shall comply with. There are regular internal and external audits which perform information environment risk assessments and necessary control tests on factors such as the existing information system operations, security of information environment plus risk management in order to assess the effectiveness of the Company's internal control over information operations. We have engaged professional consultants to perform safety audits for a number of years and have yet to identify any major abnormality. The control remains effective. In line with the Group's introduction of SAP ERP system, we have initiated work on the overall software and hardware structures with assistance from external professionals. We aim to build a more comprehensive safety mechanism to secure our operation system. We will also provide trainings and increase employees' awareness on information security risks. In the event of an emergency, the Company will swiftly organize an emergency task force to handle the situation.

7. Other Significant Matters: None.

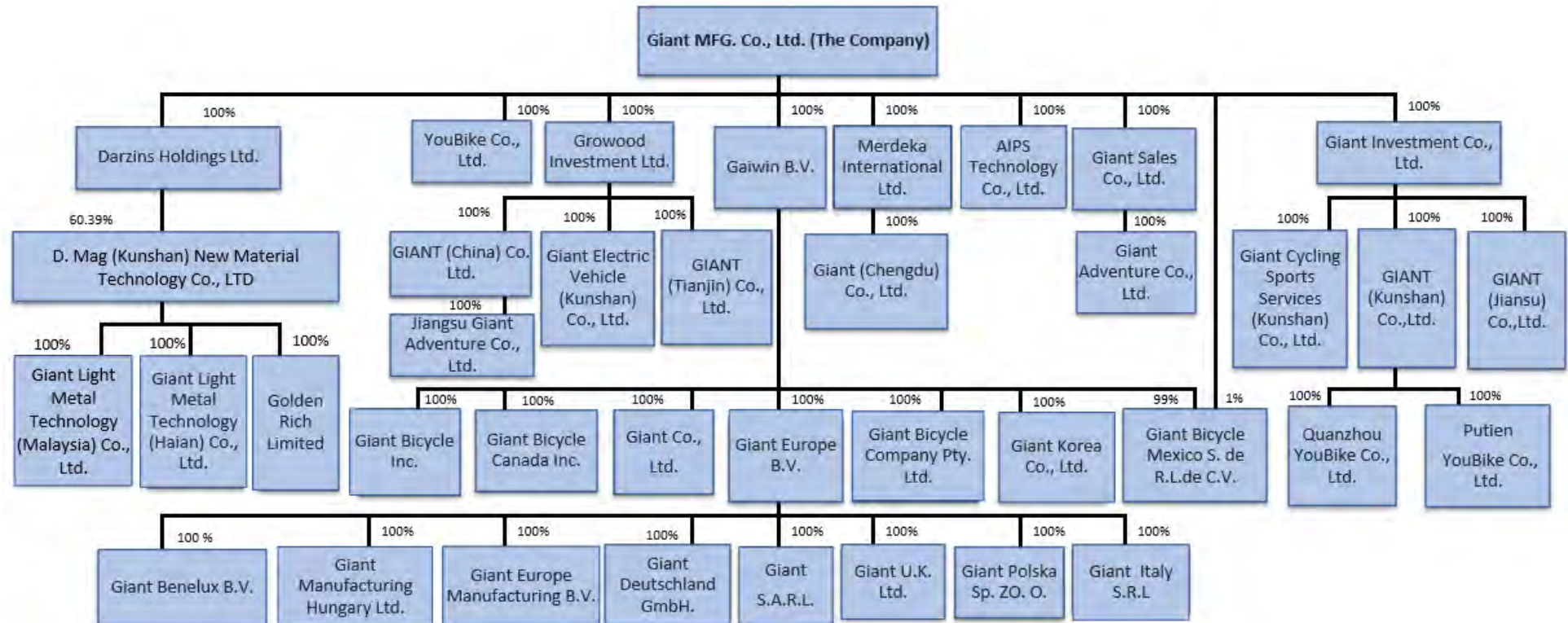
Eight. Special Remarks

1. *Affiliated enterprise reports*

(1) Consolidated business report

1. *Affiliated enterprises chart*

As at December 31, 2020



2. Profile of affiliated companies

Unit: NTD thousands and foreign currency thousands

As at December 31, 2020

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	RMB	273,040	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	50,000	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	RMB	49,663	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	RMB	40,465	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	RMB	89,614	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	RMB	236,288	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	RMB	6,595	Bicycle leasing; promotion of outdoor activities; sale of bikes and related products

Company name	Date of establishment	Address	Paid-up capital		Main business activities or 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, Quianxiu 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	UNIT BGF13A SUNWAY NEXIS NO. 1 JALAN PJU 5/1 KOTA DAMANSARA 47810 PETALING JAYA SELANGOR MALAYSIA	MYR	421	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	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, 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	15,736	Investment; sale of bikes and related products
Giant Deutschland GmbH	1987.12.02	Mettmaner Strasse 25, 40699 Erkrath, Germany	EUR	257	Sale of bikes and related products
Giant France S. A. R. L.	1988.01.25	Pichaury II - les Milles, 780 rue Guilibert 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	Via Callarate 4921045 Gazzada Schianno, Italy	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

Company name	Date of establishment	Address	Paid-up capital		Main business activities or 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	Achasan-ro 33 (Seongsu-dong 1-ga), Seongdong-Gu, Seoul, 133-110 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	41,315	Sale of bikes and related products
Golden Rich Limited	2017.03.31	Room 1104,11/F, Celebrity Commercial Centre, 64 Castle Peak Road, Shmshuipo, Kowloon, 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

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 marketing 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.

5. Directors, supervisors, and President of affiliated companies

Unit: foreign currency thousands; shares

As of March 30, 2021

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	-	100
	President	CHENG ,CHIU-CHU	-	-	-
AIPS Technology Co., Ltd.	Chairman	LIU, YUON-CHAN (Young Liu)	50,000,000	-	100
	President	HUANG,JIN-LAI	-	-	-
Giant Adventure Co., Ltd.	Chairman	CHENG ,CHIU-CHU	1,000,000	-	100
	Director	KOO,KAM-HOI, TSAI,CHIA-CHIN	-	-	-
	Supervisor	WANG ,PI-YU	-	-	-
YouBike Co., Ltd.	Chairman	LIU, CHIN-PIAO (King Liu)	84,800,000		100
	Director	YANG LIU,LI-ZHU, HO,YO-REN			
	Supervisor	CHIU,TA-PENG	-	-	-
	President	HO,YO-REN	-	-	-
GIANT (China) Co. Ltd.	Chairman	THO, TU HSIU-CHEN (Bonnie Tu)	-	RMB 273,040	100
	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	-	RMB 217,48	60.39
	Director	LIU,CING, 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 50,000	60.39
	Supervisors	JHANG,JIN-HONG			

Company name	Title	Name or name of representative	No. of shares held	Capital contribution	Percentage of shareholding / capital contribution (%)
Giant Light Metal Technology (Malaysia) Co., Ltd.	Director	TU,CHI-PING	-	MYR 421	60.39
Giant (Chengdu) Co., Ltd.	Chairman	SHIH,CHING-AN	-	RMB 49,663	100
	Director	CHANG ,KUO-HSIANG, CHU ,HSIUNG-YU	-		
	Supervisors	LU,HSIO-SHAN	-	-	-
	President	CHANG ,KUO-HSIANG	-		
Giant Electric Vehicle (Kunshan) Co., Ltd.	Chairman	SHIH,CHING-AN	-	RMB 40,465	100
	Director	CHEN,GUEI-YAO , SHIH STEVEN	-		
	Supervisors	LU HSIO-SHAN	-	-	-
	President	SHIH ,STEVEN	-		
GIANT (Tianjin) Co., Ltd.	Chairman	SHIH,CHING-AN	-	RMB 89,614	100
	Directors	YEN,CHING-HSIN, KUO,FANG-CHENG	-		
	Supervisor	LU ,HSIO-SHAN	-	-	-
	President	KUO ,ANG-CHENG	-		
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	-	RMB 236,288	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	-	RMB 6,595	100
	Director	LIU, YUON-CHAN (Young Liu), SHIH,CHING-AN	-	-	-
	Supervisor	CHIU,TA-PENG	-		
	President	LIU,SU-CHUAN	-		

Company name	Title	Name or name of representative	No. of shares held	Capital contribution	Percentage of shareholding / capital contribution (%)
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 CHENG		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
Darzins Holdings Ltd.	Director	LIU, CHIN-PIAO (King Liu), LO, SHAING-AN(Tony Lo), THO, TU HSIU-CHEN (Bonnie Tu)	-	USD 13,000	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
Giant Bicycle Inc.	Director	KOO ,KAM HOI, WANG,PI-YU , JOHN THOMPSON	-	USD 47,618	100
	President	JOHN THOMPSON		-	-
Giant Co., Ltd.	Director	THO, TU HSIU-CHEN (Bonnie Tu) , LO, SHAING-AN(Tony Lo), AKIRA NAKAMURA	-	JPY 200,000	100
	Supervisor	LIU ,CHIE			
	President	AKIRA NAKAMURA	-	-	-
Giant Bicycle Company Pty. Ltd.	Director	KOO ,KAM HOI, WANG,PI-YU, DARREN RUTHERFORD	-	AUD 500	100
	President	DARREN RUTHERFORD	-	-	-

Company name	Title	Name or name of representative	No. of shares held	Capital contribution	Percentage of shareholding / capital contribution (%)
Giant Bicycle Canada Inc.	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	YEN ,CHING-HSIN, 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	-	-	-
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	WILLEM BUITENHUIS, KOO ,KAM HOI, WANG,PI-YU	-	EUR 3,230	100
	President	WILLEM BUITENHUIS	-	-	-
Giant Korea Co., Ltd.	Director	JOHN LEE, KOO ,KAM HOI, WANG,PI-YU	-	KRW 734,000	100
	Supervisor	REBECCA JUNG	-	-	-
	President	KOO ,KAM HOI	-	-	-
Giant Bicycle Mexico S. de R.L. de C.V.	Director	KOO ,KAM HOI	-	MXN 70,060	100
	President	LAI ,CHRIS	-	-	-
Giant Italy 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	-	-	-

6. Performance of affiliated enterprises

Unit: NTD thousands, except EPS which is presented in NTD

As of December 31, 2020

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	900,261	427,379	472,882	1,822,086	240,945	219,587	15.68
G-Shang Metal Corporation (Note 3)	-	-	-	-	253,317	16,979	12,962	
YouBike Co., Ltd.	848,000	1,582,296	568,575	1,013,721	1,672,989	147,440	123,282	1.45
GIANT (China) Co. Ltd.	1,178,223	8,173,198	4,638,670	3,534,528	9,007,396	593,855	513,708	
GIANT (Kunshan) Co.,Ltd.	1,019,630	5,069,668	3,405,854	1,663,814	7,157,281	559,853	405,842	
GIANT (Tianjin) Co., Ltd.	386,702	2,156,918	1,513,688	643,230	3,816,134	205,089	199,338	
Giant Electric Vehicle (Kunshan) Co., Ltd.	174,615	5,751,771	3,944,711	1,807,060	6,713,362	703,663	619,923	
Giant Light Metal Technology (Kunshan) Co., Ltd. (Note 2)	-	-	-	-	4,682,977	281,923	286,833	
D. Mag (Kunshan) New Material Technology Co., LTD. (Note 2)	1,553,472	6,077,600	1,564,271	4,513,329	4,404,171	325,001	267,635	
Giant Light Metal Technology (Haian) Co., Ltd.	215,760	488,890	282,313	206,577	-	(8,405)	(8,154)	
Giant Light Metal Technology (Malaysia) Co., Ltd. (Note 5)	2,942	1,966	1,969	(3)	-	(2,929)	(2,952)	
Giant (Chengdu) Co., Ltd.	214,307	272,135	91,264	180,871	729,080	22,461	57,877	
Jiangsu Giant Adventure Co., Ltd.	21,576	11,070	4,978	6,092	4,029	(4,243)	(4,074)	
Giant Adventure Co., Ltd.	10,000	88,078	40,968	47,110	150,263	20,838	20,077	20.08
Giant Investment Co., Ltd.	2,492,326	3,545,243	137,973	3,407,270	-	(50,785)	462,936	
Giant Cycling Sports Services (Kunshan) Co., Ltd.	28,460	3,849	-	3,849	66	337	(929)	

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)
Quanzhou YouBike Co., Ltd.	215,760	514,417	377,430	136,987	133,403	(27,209)	(23,089)	
Putian YouBike Management Co.,Ltd	215,760	748,178	538,728	209,450	108,420	(6,194)	(8,521)	
GIANT (Jiangsu) Co.,Ltd.	1,431,693	1,555,894	(1)	1,555,895	-	(50)	38,635	
AIPS Technology Co., Ltd. (Note 4)	500,000	499,882	41	499,841	-	(228)	(159)	-0.0032
Giant Europe B. V.	20,719	7,300,084	2,332,856	4,967,228	4,807,062	56,990	338,068	
Gaiwin B. V.	21,697	9,746,213	123,698	9,622,515	0	(2,278)	1,411,141	
Growood Investment Ltd.	446,180	6,070,760	361,753	5,709,007	0	(2,558)	1,393,709	
Darzins Holdings Ltd.	424,454	2,744,532	16,853	2,727,679	0	(92)	454,748	
Merdeka International Ltd.	171,048	181,704	0	181,704	0	(55)	60,045	
Giant Bicycle Inc.	28,508	2,797,589	1,181,837	1,615,752	6,036,890	663,239	478,065	
Giant Co., Ltd.	54,480	947,111	465,505	481,606	1,686,017	211,035	145,728	
Giant Bicycle Company Pty. Ltd.	10,828	1,614,923	417,024	1,197,899	2,459,357	311,248	229,150	
Giant Bicycle Canada Inc.	23,181	747,531	254,480	493,051	1,513,669	185,788	135,718	
Giant Deutschland GmbH	8,886	2,230,145	1,838,017	392,128	4,604,734	128,836	87,288	
Giant S.A.R.L.	145,031	1,562,692	1,213,596	349,096	4,432,478	165,175	111,794	
Giant U. K. Ltd.	76,072	1,350,196	849,884	500,312	2,315,999	86,486	67,766	
Giant Europe Manufacturing B. V.	7,835	3,992,966	2,063,735	1,929,231	8,200,960	126,091	49,880	
Giant Polska Sp. ZO.O.	1,131	374,478	128,324	246,154	538,893	29,706	16,273	
Giant Benelux B.V.	111,535	1,104,518	617,086	487,432	2,812,724	118,220	88,510	
Giant Korea Co., Ltd.	19,011	237,799	97,420	140,379	707,719	56,710	47,451	
Giant Bicycle Mexico S. de R.L. de C.V.	98,820	234,721	136,620	98,101	299,496	49,237	45,109	
Giant Italy S.R.L	6,906	617,161	566,590	50,571	1,133,853	41,152	20,982	
Giant Manufacturing Hungary Ltd.	691	2,214,066	1,859,238	354,828	387,372	(121,563)	(138,599)	
Golden Rich Limited	2,898	65,221	59,758	5,463	203,952	13,460	12,835	

- 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: The Company adjusted the structure of overseas investment of Darzins Holdings Ltd. Giant Light Metal Technology (Kunshan) Co., Ltd. and its 100% hold subsidiary D. Mag New Material Technology Co., LTD merge through equity transferring. D. Mag New Material Technology Co., LTD as the surviving company, and Giant Light Metal Technology (Kunshan) Co., Ltd. as the dissolved company.
- Note 3: To focus on core business of the Company, the board of directors had adopted the resolution on September 16, 2020, and had sold all the shares held by its subsidiary, G-Shang Metal Corporation on September 30, 2020.
- Note 4: AIPS Technology Co., Ltd. were established in September, 2020.
- Note 5: Giant Light Metal Technology (Malaysia) Co., Ltd. were established in February, 2020.

(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, 2020. 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

The entities required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as prepared in conformity with International Financial Reporting Standard 10 “Consolidated Financial Statements”. The relevant information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Giant Manufacturing Co., Ltd. and Subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Declaration made by the undersigned

Company: Giant Manufacturing Co., Ltd.



Chairperson: Bonnie Tu



March 26, 2021

2. *Private Placement Securities in 2019 and as of the Date of this Annual Report: None*
3. *Status of Common Shares Acquired, Disposed of, and Held by Subsidiaries in 2019 and as of the Date of this Annual Report: None*
4. *Other Necessary Supplement: None*

Nine. Any Events in 2019 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders Right or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None

**Giant Manufacturing Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as prepared in conformity with International Financial Reporting Standard 10 “Consolidated Financial Statements”. The relevant information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Giant Manufacturing Co., Ltd. and Subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Giant Manufacturing Co., Ltd.

By

Bonnie Tu
President

March 26, 2021

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, 2020 and 2019, 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 (please 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are 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, 2020. 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 understood 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 order, shipping documents and receipts of payment, to confirm the authenticity of revenue recognition.
3. We reviewed significant sales returns and discounts which happened after year end to confirm the occurrence of revenue.

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 years ended December 31, 2020 and 2019, 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\$19,921,032 thousand and NT\$19,611,633 thousand, respectively, representing 32% and 33%, respectively, of the Group's consolidated assets as of December 31, 2020 and 2019, respectively. The total sales revenue of the aforementioned investees were NT\$33,248,018 thousand and NT\$29,028,542 thousand, respectively, representing 47% and 46%, respectively, of the Group's consolidated net sales revenue for the years ended December 31, 2020 and 2019, respectively.

We did not audit the financial statements of Microprogram Information Co., Ltd., an investee accounted for by using the equity method, as of and for the years ended December 31, 2020 and 2019, 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 investees were NT\$220,442 thousand and NT\$230,670 thousand, respectively, both representing 0.4% of the Group's consolidated assets as of December 31, 2020 and 2019, respectively. The comprehensive income (loss) of the investees was NT\$(10,228) thousand and NT\$(6,409) thousand, respectively, both representing (0.2)% of the Group's consolidated comprehensive income for the years ended December 31, 2020 and 2019, respectively.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2020 and 2019 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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, 2020 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 Ting-Chien Su and Lie-Dong Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 29, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,371,165	15	\$ 5,146,262	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,823,267	6	4,492,687	8
Financial assets at amortized cost - current (Notes 4, 9 and 34)	579,984	1	853,362	1
Notes receivable (Notes 4, 10 and 34)	116,258	-	102,166	-
Accounts receivable (Notes 4, 10, 33 and 34)	11,908,827	19	14,297,683	24
Other receivables (Notes 10 and 33)	185,987	1	158,393	-
Inventories (Notes 4 and 11)	18,194,845	29	16,887,112	29
Other current assets (Notes 14 and 33)	1,218,891	2	697,617	1
Total current assets	<u>45,399,224</u>	<u>73</u>	<u>42,635,282</u>	<u>72</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,814	-	181,845	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	215,760	-	-	-
Investments accounted for using the equity method (Notes 4 and 13)	220,442	-	230,670	1
Property, plant and equipment (Notes 4, 15, 33 and 34)	11,964,933	19	10,587,542	18
Right-of-use assets (Notes 4, 16 and 34)	1,762,642	3	1,673,237	3
Goodwill (Notes 4 and 17)	70,968	-	69,244	-
Other intangible assets (Notes 4, 18 and 33)	382,538	1	400,616	1
Deferred tax assets (Notes 4 and 26)	1,394,962	2	1,347,431	2
Prepayments for equipment (Note 33)	225,531	-	719,578	1
Other non-current assets (Note 19)	862,974	2	1,184,705	2
Total non-current assets	<u>17,102,564</u>	<u>27</u>	<u>16,394,868</u>	<u>28</u>
TOTAL	<u>\$ 62,501,788</u>	<u>100</u>	<u>\$ 59,030,150</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans (Notes 20 and 34)	\$ 10,935,301	17	\$ 16,924,682	29
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	5,782	-	21	-
Notes payable	1,812,720	3	1,290,647	2
Accounts payable (Note 33)	6,337,618	10	5,037,720	8
Other payables (Notes 21 and 33)	6,695,663	11	5,473,763	9
Current tax liabilities (Notes 4 and 26)	996,513	2	274,375	-
Provisions - current (Notes 4 and 22)	456,215	1	419,220	1
Lease liabilities - current (Notes 4 and 16)	251,223	-	508,024	1
Current portion of long-term bank loans (Notes 20 and 34)	-	-	28,246	-
Other current liabilities	546,739	1	457,869	1
Total current liabilities	<u>28,037,774</u>	<u>45</u>	<u>30,414,567</u>	<u>51</u>
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 20, 28 and 34)	4,240,660	7	2,218,354	4
Deferred tax liabilities (Notes 4 and 26)	1,294,438	2	1,455,500	3
Lease liabilities - non-current (Notes 4 and 16)	713,746	1	443,281	1
Deferred revenue - non-current (Notes 4 and 28)	906,439	2	666,812	1
Net defined benefit liabilities (Notes 4 and 23)	169,200	-	195,304	-
Other non-current liabilities (Note 22)	178,673	-	172,170	-
Total non-current liabilities	<u>7,503,156</u>	<u>12</u>	<u>5,151,421</u>	<u>9</u>
Total liabilities	<u>35,540,930</u>	<u>57</u>	<u>35,565,988</u>	<u>60</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	3,750,646	6	3,750,646	6
Capital surplus	1,792,401	3	1,803,097	3
Retained earnings				
Legal reserve	4,846,055	8	4,508,593	8
Special reserve	1,955,207	3	1,371,728	2
Unappropriated retained earnings	14,767,113	23	12,364,227	21
Other equity	(1,938,124)	(3)	(1,955,207)	(3)
Total equity attributable to owners of the Company	25,173,298	40	21,843,084	37
NON-CONTROLLING INTERESTS	<u>1,787,560</u>	<u>3</u>	<u>1,621,078</u>	<u>3</u>
Total equity	<u>26,960,858</u>	<u>43</u>	<u>23,464,162</u>	<u>40</u>
TOTAL	<u>\$ 62,501,788</u>	<u>100</u>	<u>\$ 59,030,150</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2021)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET SALES REVENUE (Notes 4 and 33)	\$ 70,010,849	100	\$ 63,449,533	100
COST OF GOODS SOLD (Notes 11, 25 and 33)	<u>53,842,103</u>	<u>77</u>	<u>49,792,589</u>	<u>78</u>
GROSS PROFIT	<u>16,168,746</u>	<u>23</u>	<u>13,656,944</u>	<u>22</u>
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing expenses	6,519,331	9	6,508,046	10
General and administrative expenses	1,827,784	3	1,418,683	2
Research and development expenses	939,896	1	873,655	2
Expected credit loss (Notes 4 and 10)	<u>23,462</u>	<u>-</u>	<u>124,277</u>	<u>-</u>
Total operating expenses	<u>9,310,473</u>	<u>13</u>	<u>8,924,661</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>6,858,273</u>	<u>10</u>	<u>4,732,283</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs (Note 25)	(238,692)	-	(309,265)	-
Share of profit (loss) of associates accounted for using the equity method (Note 13)	(10,562)	-	(5,745)	-
Interest income	259,525	-	311,456	-
Dividend income	6,167	-	7,648	-
Government grant income	119,808	-	83,254	-
Other income (Note 29)	134,123	-	117,550	-
Other expenses (Note 25)	(26,973)	-	(29,362)	-
Gain (loss) on disposal of property, plant and equipment, net	16,527	-	(24,278)	-
Foreign exchange loss, net	(279,614)	-	(61,524)	-
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss	(5,716)	-	(1,043)	-
Impairment loss recognized on property, plant and equipment (Note 15)	<u>-</u>	<u>-</u>	<u>(11,271)</u>	<u>-</u>
Total non-operating income and expenses	<u>(25,407)</u>	<u>-</u>	<u>77,420</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	6,832,866	10	4,809,703	8
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,656,957</u>	<u>2</u>	<u>1,215,006</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>5,175,909</u>	<u>8</u>	<u>3,594,697</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 23)	(51,112)	-	(31,518)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	136,164	-	16,145	-

(Continued)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 26)	\$ 10,223	-	\$ 6,302	-
	<u>95,275</u>	<u>-</u>	<u>(9,071)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	32,371	-	(808,130)	(1)
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Note 13)	334	-	(664)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 26)	(5,410)	-	149,740	-
	<u>27,295</u>	<u>-</u>	<u>(659,054)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>122,570</u>	<u>-</u>	<u>(668,125)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ <u>5,298,479</u>	<u>8</u>	\$ <u>2,926,572</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,948,959	7	\$ 3,374,633	5
Non-controlling interests	<u>226,950</u>	<u>-</u>	<u>220,064</u>	<u>1</u>
	\$ <u>5,175,909</u>	<u>7</u>	\$ <u>3,594,697</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,066,207	7	\$ 2,765,938	5
Non-controlling interests	<u>232,272</u>	<u>1</u>	<u>160,634</u>	<u>-</u>
	\$ <u>5,298,479</u>	<u>8</u>	\$ <u>2,926,572</u>	<u>5</u>
EARNINGS PER SHARE (Note 27)				
Basic	\$ <u>13.19</u>		\$ <u>9.00</u>	
Diluted	\$ <u>13.12</u>		\$ <u>8.95</u>	

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

(With Deloitte & Touche auditors' report dated March 29, 2021)

(Concluded)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Ordinary Shares (Note 24)	Capital Surplus (Note 24)	Retained Earnings (Note 24)				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total Other Equity	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2019	\$ 3,750,646	\$ 1,806,688	\$ 4,222,202	\$ 1,002,687	\$ 11,395,539	\$ 16,620,428	\$ (1,361,200)	\$ (10,528)	\$ (1,371,728)	\$ 20,806,034	\$ 1,462,901	\$ 22,268,935	
Appropriation of 2018 earnings													
Legal reserve	-	-	286,391	-	(286,391)	-	-	-	-	-	-	-	
Special reserve	-	-	-	369,041	(369,041)	-	-	-	-	-	-	-	
Cash dividends distributed by the Company - \$4.6 per share	-	-	-	-	(1,725,297)	(1,725,297)	-	-	-	(1,725,297)	-	(1,725,297)	
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	(3,591)	-	-	-	-	-	-	-	(3,591)	(2,457)	(6,048)	
Net profit for the year ended December 31, 2019	-	-	-	-	3,374,633	3,374,633	-	-	-	3,374,633	220,064	3,594,697	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(25,216)	(25,216)	(599,624)	16,145	(583,479)	(608,695)	(59,430)	(668,125)	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	3,349,417	3,349,417	(599,624)	16,145	(583,479)	2,765,938	160,634	2,926,572	
BALANCE AT DECEMBER 31, 2019	<u>3,750,646</u>	<u>1,803,097</u>	<u>4,508,593</u>	<u>1,371,728</u>	<u>12,364,227</u>	<u>18,244,548</u>	<u>(1,960,824)</u>	<u>5,617</u>	<u>(1,955,207)</u>	<u>21,843,084</u>	<u>1,621,078</u>	<u>23,464,162</u>	
Appropriation of 2019 earnings													
Legal reserve	-	-	337,462	-	(337,462)	-	-	-	-	-	-	-	
Special reserve	-	-	-	583,479	(583,479)	-	-	-	-	-	-	-	
Cash dividends distributed by the Company - \$4.6 per share	-	-	-	-	(1,725,297)	(1,725,297)	-	-	-	(1,725,297)	-	(1,725,297)	
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	(10,696)	-	-	-	-	-	-	-	(10,696)	(45,183)	(55,879)	
Net profit for the year ended December 31, 2020	-	-	-	-	4,948,959	4,948,959	-	-	-	4,948,959	226,950	5,175,909	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(40,889)	(40,889)	21,973	136,164	158,137	117,248	5,322	122,570	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	4,908,070	4,908,070	21,973	136,164	158,137	5,066,207	232,272	5,298,479	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(20,607)	(20,607)	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	141,054	141,054	-	(141,054)	(141,054)	-	-	-	
BALANCE AT DECEMBER 31, 2020	<u>\$ 3,750,646</u>	<u>\$ 1,792,401</u>	<u>\$ 4,846,055</u>	<u>\$ 1,955,207</u>	<u>\$ 14,767,113</u>	<u>\$ 21,568,375</u>	<u>\$ (1,938,851)</u>	<u>\$ 727</u>	<u>\$ (1,938,124)</u>	<u>\$ 25,173,298</u>	<u>\$ 1,787,560</u>	<u>\$ 26,960,858</u>	

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

(With Deloitte & Touche auditors' report dated March 29, 2021)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,832,866	\$ 4,809,703
Adjustments for:		
Depreciation and amortization expenses	1,769,494	1,651,762
Expected credit loss	23,462	124,277
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	5,716	1,043
Finance costs	238,692	309,265
Interest income	(259,525)	(311,456)
Dividend income	(6,167)	(7,648)
Share of loss of associates accounted for using the equity method	10,562	5,745
Loss (gain) on disposal of property, plant and equipment, net	(16,527)	24,278
Impairment loss recognized on property, plant and equipment	-	11,271
Write-down (reversal) of inventories	55,769	(37,958)
Unrealized loss (gain) on foreign currency exchange, net	(27,438)	40,965
Realized deferred revenue	(38,282)	(26,008)
Gain on lease modification	(124)	-
Gain on disposal of subsidiaries	(72)	-
Net changes in operating assets and liabilities		
Notes receivable	(13,909)	24,138
Accounts receivable	2,533,752	(1,250,942)
Other receivables	(36,946)	59,411
Inventories	(1,339,562)	(1,799,576)
Other current assets	(513,298)	(7,190)
Notes payable	559,129	(106,090)
Accounts payable	1,300,966	(268,904)
Other payables	1,262,764	112,541
Provisions	58,168	26,531
Other current liabilities	137,000	927
Net defined benefit liabilities	(26,104)	15,620
Cash generated from operations	12,510,386	3,401,705
Interest received	265,893	310,254
Interest paid	(238,916)	(301,359)
Income tax paid	(1,139,507)	(1,473,244)
Net cash generated from operating activities	<u>11,397,856</u>	<u>1,937,356</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	316,194	-
Purchase of financial assets at amortized cost	(511,280)	(779,989)
Proceeds from sale of financial assets at amortized cost	767,899	-
Purchase of financial assets at fair value through profit or loss	-	(1,973,739)
Proceeds from sale of financial assets at fair value through profit or loss	473,918	-
Net cash outflow on disposal of subsidiaries	(19,802)	-

(Continued)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Payments for property, plant and equipment	\$ (2,417,456)	\$ (2,853,080)
Proceeds from disposal of property, plant and equipment	120,998	31,642
Payments for intangible assets	(68,498)	(67,642)
Payments for right-of-use assets	(401,652)	-
Decrease (increase) in other non-current assets	34,312	(223,394)
Decrease (increase) in prepayments for equipment	27,036	(505,315)
Dividends received from associates	-	4,443
Other dividends received	6,167	7,648
Proceeds from government grants	271,240	-
Acquisition of ownership interest in subsidiaries	<u>(56,389)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,457,313)</u>	<u>(6,359,426)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	(5,933,896)	3,636,864
Proceeds from long-term bank loans	2,239,862	2,082,784
Repayment of long-term bank loans	(306,776)	(795,926)
Repayment of the principal portion of lease liabilities	(214,618)	(308,434)
Increase in other non-current liabilities	223,912	86,279
Dividends paid	<u>(1,725,297)</u>	<u>(1,725,297)</u>
Net cash generated from (used in) financing activities	<u>(5,716,813)</u>	<u>2,976,270</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>1,173</u>	<u>406,433</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,224,903	(1,039,367)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,146,262</u>	<u>6,185,629</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 9,371,165</u>	<u>\$ 5,146,262</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2021)

(Concluded)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (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 26, 2021.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

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)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are 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.

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

4. SUMMARY 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.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 12, tables 8 and 9 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 which 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; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

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 and 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 asset, 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 asset 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 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 recognize 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 asset 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) 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.

3) 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 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 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, 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, 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 remeasurement) under the 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. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences 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 about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements - Significant influence over associates - The Group, the single largest shareholder with less than 50% of the voting rights of the investee, does not have control but has significant influence over the investee

As stated in Note 13, the Group is the single largest shareholder with 28% of the voting rights of Microprogram Information Co., Ltd. (“Microprogram”). Considering the size of the Group’s holding of voting rights relative to the size and not widely dispersed holdings of the other shareholders, the Group cannot direct the relevant activities of and does not have control over Microprogram. Consequently, the Group considered and classified Microprogram as an associate by virtue of the Group’s ability to exercise significant influence over Microprogram.

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2020	2019
Cash on hand and petty cash	\$ 6,645	\$ 17,961
Checking accounts and demand deposits	8,049,941	4,759,168
Cash equivalents		
Commercial paper	315,313	261,925
Time deposits with original maturities of less than three months	<u>1,000,591</u>	<u>108,531</u>
	9,372,490	5,147,585
Less: Pledged time deposits (Note 34)	<u>(1,325)</u>	<u>(1,323)</u>
	<u>\$ 9,371,165</u>	<u>\$ 5,146,262</u>
 <u>Interest rate per annum (%)</u>		
Cash in bank	0-4.28	0-4.28
Commercial paper	0.25-0.53	0.4-0.53

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2020	2019
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Wealth management products	<u>\$ 3,823,267</u>	<u>\$ 4,492,687</u>
 <u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 5,782</u>	<u>\$ 21</u>

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

	Currency	Maturity Date	Notional Amounts (In Thousands)	Range of Interest Rates Received
<u>December 31, 2020</u>				
Sell	USD/NTD	2021.1.8-2021.2.5	USD9,800/NTD276,489	28.091-28.491
	EUR/NTD	2021.1.21	EUR8,500/NTD292,756	34.322-34.53
	CAD/NTD	2021.1.20-2021.2.19	CAD2,600/NTD57,332	22-22.12
<u>December 31, 2019</u>				
Sell	USD/NTD	2020.1.3-2020.2.7	USD17,000/NTD511,908	29.926-30.203
	EUR/NTD	2020.1.20	EUR6,000/NTD201,378	33.516-33.61

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

	<u>December 31</u>	
	2020	2019
<u>Investments in equity instruments - non-current</u>		
Domestic listed shares	\$ 1,814	\$ 181,845

These investments in equity instruments of 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 Group’s strategy of holding these investments for long-term purposes.

In 2020, the Group sold most of its shares in Kuei Meng in order to make profits. The shares sold had a fair value of \$316,194 thousand; the unrealized valuation gain on the shares of \$141,054 thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2020	2019
<u>Current</u>		
Restricted deposits (a)	\$ 12,089	\$ 779,989
Time deposits with original maturities of more than 3 months (b)	565,570	71,050
Pledged deposits (c)	<u>2,325</u>	<u>2,323</u>
	<u>\$ 579,984</u>	<u>\$ 853,362</u>

	<u>December 31</u>	
	2020	2019

Non-current

Time deposits with original maturities of more than 3 months (b)	\$ <u>215,760</u>	\$ <u> -</u>
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- a. Restricted deposits were made by the Group and were approved by the Ministry of Finance, according to “The Regulations on Industries Investment from Repatriated Offshore Funds”. The Group also submitted investment plans to the Ministry of Economic Affairs for approval. Based on the regulations, the funds can only be used in the approved investment plans.
- b. The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.41%-3.99% and 0.60% - 1.07% per annum as of December 31, 2020 and 2019, respectively.
- c. 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

	<u>December 31</u>	
	2020	2019

Notes receivable

Notes receivable	\$ <u>116,258</u>	\$ <u>102,166</u>
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Accounts receivable

Accounts receivable	\$ 12,341,327	\$ 14,812,492
Less: Allowance for impairment loss	<u>(432,500)</u>	<u>(514,809)</u>
	<u>\$ 11,908,827</u>	<u>\$ 14,297,683</u>

Other receivables

Others	\$ <u>185,987</u>	\$ <u>158,393</u>
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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 past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate. 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.

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	Total
<u>December 31, 2020</u>					
Expected credit loss rate	0%-3%	0.5%-70%	30%-90%	80%-100%	
Gross carrying amount	\$ 11,373,174	\$ 609,427	\$ 145,692	\$ 329,292	\$ 12,457,585
Loss allowance (lifetime ECL)	<u>(88,937)</u>	<u>(25,167)</u>	<u>(23,677)</u>	<u>(294,719)</u>	<u>(432,500)</u>
Amortized cost	<u>\$ 11,284,237</u>	<u>\$ 584,260</u>	<u>\$ 122,015</u>	<u>\$ 34,573</u>	<u>\$ 12,025,085</u>
<u>December 31, 2019</u>					
Expected credit loss rate	0%-3%	0.5%-70%	30%-90%	80%-100%	
Gross carrying amount	\$ 13,342,152	\$ 999,711	\$ 199,804	\$ 372,991	\$ 14,914,658
Loss allowance (lifetime ECL)	<u>(92,331)</u>	<u>(49,986)</u>	<u>(56,479)</u>	<u>(316,013)</u>	<u>(514,809)</u>
Amortized cost	<u>\$ 13,249,821</u>	<u>\$ 949,725</u>	<u>\$ 143,325</u>	<u>\$ 56,978</u>	<u>\$ 14,399,849</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 514,809	\$ 458,209
Add: Net remeasurement of loss allowance	23,462	124,277
Less: Amounts written off	(87,382)	(57,631)
Disposal of subsidiaries	(10,842)	-
Foreign exchange gains and losses	<u>(7,547)</u>	<u>(10,046)</u>
Balance at December 31	<u>\$ 432,500</u>	<u>\$ 514,809</u>

Compared to January 1, 2020 and 2019, the increase in loss allowance of \$23,462 thousand and \$124,277 thousand at December 31, 2020 and 2019, respectively, resulted from the decrease in the new accounts receivable net of those settled of \$2,471,165 thousand and the increase in the new accounts receivable net of those settled of \$824,832 thousand, respectively.

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

11. INVENTORIES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Finished goods and merchandise	\$ 10,791,810	\$ 11,173,283
Work in process	483,943	886,312
Raw materials and supplies	<u>6,919,092</u>	<u>4,827,517</u>
	<u>\$ 18,194,845</u>	<u>\$ 16,887,112</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$53,842,103 thousand and \$49,792,589 thousand, respectively. The cost of goods sold for the years ended December 31, 2020 and 2019 included inventory write-downs of \$55,769 thousand and reversals of inventory write-downs of \$37,958 thousand, respectively. The reversals of previous write-downs resulted from inventory closeout.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership	
			2020	2019
Giant	Gaiwin B.V. (“Gaiwin”)	Overseas reinvested holding company	100	100
	Growood Investment Ltd. (“Growood”)	Overseas reinvested holding company	100	100
	Darzins Holdings Ltd. (“Darzins”)	Overseas reinvested holding company	100	100
	Merdeka International Ltd. (“Merdeka”)	Overseas reinvested holding company	100	100
	Giant Sales Co., Ltd. (“Giant Sales”)	Sale of bicycles and related products and bicycle rental	100	100
	YouBike Co., Ltd. (“YouBike”)	Public bicycle rental	100	100
	G-Shang Metal Corporation (“G-Shang”) (1)	Manufacture and sale of metal container and other metal products	-	70
	Giant Holding Co., Ltd. (“Giant Holding”)	Overseas reinvested holding company	100	100
	Giant Bicycle Mexico S. de R.L. de C.V. (“Giant Mexico”)	Sale of bicycles and related products	1	1
	AIPS Technology Co., Ltd. (“AIPS”) (2)	Manufacture and sale of sporting goods	100	-
Gaiwin	Giant Europe B.V. (“Giant Europe”)	Overseas reinvested holding company and sale of bicycles and related products	100	100
	Giant Co., Ltd. (“Giant Japan”)	Sale of bicycles and related products	100	100
	Giant Bicycle Inc. (“Giant USA”)	Sale of bicycles and related products	100	100
	Giant Korea Co., Ltd. (“Giant Korea”)	Sale of bicycles and related products	100	100
	Giant Bicycle Canada Inc. (“Giant Canada”)	Sale of bicycles and related products	100	100
	Giant Bicycle Company Pty. Ltd. (“Giant Australia”)	Sale of bicycles and related products	100	100
	Giant Mexico	Sale of bicycles and related products	99	99
Giant Europe	Giant Deutschland GmbH (“Giant Germany”)	Sale of bicycles and related products	100	100
	Giant Polska Sp. ZO.O. (“Giant Polska”)	Sale of bicycles and related products	100	100

(Continued)

Investor	Investee	Main Business	% of Ownership	
			2020	2019
Giant Europe	Giant Europe Manufacturing B.V. (“Giant Europe Mfg.”)	Manufacture and sale of bicycles	100	100
	Giant S.A.R.L. (“Giant France”)	Sale of bicycles and related products	100	100
	Giant U.K. Ltd. (“Giant UK”)	Sale of bicycles and related products	100	100
	Giant Benelux B.V. (“Giant Benelux”)	Sale of bicycles and related products	100	100
	Giant Italy S.R.L. (“Giant Italy”)	Sale of bicycles and related products	100	100
	Giant Manufacturing Hungary Ltd. (“Giant Hungary Mfg.”)	Manufacture and sale of bicycles	100	100
	Growood	Giant (China) Co., Ltd. (“Giant China”)	Manufacture and sale of bicycles	100
Giant Electric Vehicle (Kunshan) Co., Ltd. (“Giant Electric Vehicle”)		Manufacture and sale of electric bicycles	100	100
Giant (Tianjin) Co., Ltd. (“Giant Tianjin”)		Manufacture and sale of bicycles	100	100
Darzins		Giant Light Metal Technology (Kunshan) Co., Ltd. (“Giant Light Metal”) (3 and 5)	Manufacture and sale of new aluminum alloy materials, semi-solid aluminum, and superplastic aluminum	-
	D. Mag (Kunshan) New Material Technology Co., Ltd. (“D. Mag”)	Manufacture and sale of new aluminum alloy products	60	-
Merdeka	Giant (Chengdu) Co., Ltd. (“Giant Chengdu”)	Manufacture and sale of bicycles	100	100
Giant Sales	Giant Adventure Co., Ltd. (“Giant Adventure”)	Undertake domestic and international tourism business	100	100
Giant Holding	Giant (Kunshan) Co., Ltd. (“Giant Kunshan”)	Manufacture and sale of bicycles	100	100
	Giant Cycling Service (KunShan) Co., Ltd. (“Giant Cycling Service”)	Leases of bicycles and promotion of outdoor activities	100	100
	Giant (Jiangsu) Co., Ltd. (“Giant Jiangsu”)	Manufacture and sale of bicycles	100	100
Giant China	Jiangsu Giant Adventure Co., Ltd. (“Jiangsu Giant”)	Undertake China tourism business	100	100
Giant Kunshan	Quanzhou YouBike Co., Ltd (“Quanzhou YouBike”)	Undertake China public bicycle rental	100	100
	Putian YouBike Co., Ltd. (“Putian YouBike”)	Undertake China public bicycle rental	100	100
D. Mag	Golden Rich Ltd. (“Golden Rich”)	International trade	100	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 Light Metal Technology (Malaysia) Co., Ltd. (“Light Metal Malaysia”) (4)	Sale of medium and high-end aluminum wheel hub products	100	-

(Concluded)

1) The Group disposed G-Shang in September 2020.

- 2) AIPS was established in September 2020.
- 3) Darzins bought back 1% of shares in cash from non-controlling shareholder in August 2020; as a result, the Group's percentage of ownership in Giant Light Metal increased from 59% to 60%.
- 4) Light Metal Malaysia was established in February 2020.
- 5) Giant Light Metal merged with D. Mag in November 2020, with D.Mag as the surviving company.

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, 2020		December 31, 2019	
	Amount	Ownership (%)	Amount	Ownership (%)
Investments in insignificant associates	<u>\$ 220,442</u>	28	<u>\$ 230,670</u>	28
			For the Year Ended December 31	
			2020	2019

The Group's share of:

Net profit (loss) for the year	\$ (10,562)	\$ (5,745)
Other comprehensive loss	<u>334</u>	<u>(664)</u>
Total comprehensive income for the year	<u>\$ (10,228)</u>	<u>\$ (6,409)</u>

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, 2020 and 2019 were based on the associate's financial statements audited by the auditors for the same years.

14. OTHER CURRENT ASSETS

	December 31	
	2020	2019
Value - added tax	\$ 643,012	\$ 311,155
Prepaid expenses	214,039	147,548
Prepayment for purchases	179,002	129,287
Others	<u>182,838</u>	<u>109,627</u>
	<u>\$ 1,218,891</u>	<u>\$ 697,617</u>

15. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2020						
	Beginning Balance	Additions	Disposals	Reclassified	Disposal of Subsidiaries	Translation Differences	Ending Balance
<u>Cost</u>							
Land	\$ 860,800	\$ -	\$ -	\$ 151,169	\$ -	\$ 3,184	\$ 1,015,153
Buildings	5,647,883	553,497	(85,463)	2,561,089	-	40,978	8,717,984
Machinery equipment	6,710,955	490,722	(196,638)	213,172	(33,830)	11,110	7,195,491
Transportation equipment	353,157	24,296	(28,353)	(9,372)	-	(1,110)	338,618
Office equipment	284,052	20,140	(10,249)	27,266	(571)	(1,055)	319,583
Furniture and fixtures	16,030	4,089	(783)	12,000	-	1	31,337
Other equipment	2,479,478	315,859	(58,580)	141,385	(7,058)	(9,189)	2,861,895
Construction in progress	<u>2,732,973</u>	<u>944,597</u>	<u>(1,750)</u>	<u>(2,652,427)</u>	<u>-</u>	<u>10,269</u>	<u>1,033,662</u>
	<u>19,085,328</u>	<u>\$ 2,353,200</u>	<u>\$ (381,816)</u>	<u>\$ 444,282</u>	<u>\$ (41,459)</u>	<u>\$ 54,188</u>	<u>21,513,723</u>
<u>Accumulated depreciation</u>							
Buildings	2,473,118	\$ 280,685	\$ (45,121)	\$ 3,399	\$ -	\$ 3,519	2,715,600
Machinery equipment	3,688,821	615,253	(127,801)	5,127	(13,285)	7,988	4,176,103
Transportation equipment	245,360	38,647	(27,025)	(5,972)	-	(944)	250,066
Office equipment	209,985	42,153	(9,824)	(7,098)	(78)	(1,170)	233,968
Furniture and fixtures	12,466	5,004	(721)	-	-	2	16,751
Other equipment	<u>1,826,652</u>	<u>356,880</u>	<u>(56,099)</u>	<u>8,087</u>	<u>(1,527)</u>	<u>(8,231)</u>	<u>2,125,762</u>
	<u>8,456,402</u>	<u>\$ 1,338,622</u>	<u>\$ (266,591)</u>	<u>\$ 3,543</u>	<u>\$ (14,890)</u>	<u>\$ 1,164</u>	<u>9,518,250</u>
<u>Accumulated impairment</u>							
Buildings	10,865	\$ -	\$ (10,749)	\$ -	\$ -	\$ (116)	-
Machinery equipment	26,254	-	(5)	-	-	22	26,271
Other equipment	<u>4,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>4,269</u>
	<u>41,384</u>	<u>\$ -</u>	<u>\$ (10,754)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (90)</u>	<u>30,540</u>
	<u>\$10,587,542</u>						<u>\$ 11,964,933</u>

	For the Year Ended December 31, 2019						
	Beginning Balance	Additions	Disposals	Reclassified	Disposal of Subsidiaries	Translation Differences	Ending Balance
<u>Cost</u>							
Land	\$ 862,074	\$ -	\$ -	\$ -	\$ -	\$ (1,274)	\$ 860,800
Buildings	5,587,563	133,643	(62,596)	142,910	-	(153,637)	5,647,883
Machinery equipment	6,505,381	395,448	(134,605)	146,329	-	(201,598)	6,710,955
Transportation equipment	360,227	19,985	(19,510)	1,011	-	(8,556)	353,157
Office equipment	288,355	17,499	(14,981)	(822)	-	(5,999)	284,052
Furniture and fixtures	17,127	2,371	(3,314)	-	-	(154)	16,030
Other equipment	2,250,065	189,152	(81,577)	177,877	-	(56,039)	2,479,478
Construction in progress	<u>1,042,542</u>	<u>1,993,217</u>	<u>-</u>	<u>(258,942)</u>	<u>-</u>	<u>(43,844)</u>	<u>2,732,973</u>
	<u>16,913,334</u>	<u>\$ 2,751,315</u>	<u>\$ (316,583)</u>	<u>\$ 208,363</u>	<u>\$ -</u>	<u>\$ (471,101)</u>	<u>19,085,328</u>
<u>Accumulated depreciation</u>							
Buildings	\$ 2,343,124	\$ 233,085	\$ (45,430)	\$ (24,815)	\$ -	\$ (32,846)	\$ 2,473,118
Machinery equipment	3,321,470	578,080	(99,954)	(6)	-	(110,769)	3,688,821
Transportation equipment	226,766	43,706	(18,110)	(540)	-	(6,462)	245,360
Office equipment	194,237	34,440	(14,068)	-	-	(4,624)	209,985
Furniture and fixtures	13,104	2,356	(2,887)	-	-	(107)	12,466
Other equipment	<u>1,597,162</u>	<u>355,754</u>	<u>(77,926)</u>	<u>(5,712)</u>	<u>-</u>	<u>(42,626)</u>	<u>1,826,652</u>
	<u>7,695,863</u>	<u>\$ 1,247,421</u>	<u>\$ (258,375)</u>	<u>\$ (31,073)</u>	<u>\$ -</u>	<u>\$ (197,434)</u>	<u>8,456,402</u>

(Continued)

	For the Year Ended December 31, 2019						
	Beginning Balance	Additions	Disposals	Reclassified	Disposal of Subsidiaries	Translation Differences	Ending Balance
<u>Accumulated impairment</u>							
Buildings	\$ -	\$ 11,271	\$ -	\$ -	\$ -	\$ (406)	\$ 10,865
Machinery equipment	29,416	-	(2,192)	-	-	(970)	26,254
Other equipment	4,564	-	(96)	-	-	(203)	4,265
	<u>33,980</u>	<u>\$ 11,271</u>	<u>\$ (2,288)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,579)</u>	<u>41,384</u>
	<u>\$ 9,183,491</u>						<u>\$ 10,587,542</u>

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	40-60 years
Electrical power equipment	10-50 years
Other	2-15 years
Machinery equipment	2-13 years
Transportation equipment	2-10 years
Office equipment	2-20 years
Furniture and fixtures	3-4 years
Other equipment	2-25 years

The design of some parts of the plant of Giant Light Metal did not meet the production planning. The estimated future cash flows are expected to decrease. Therefore, the Group recognized an impairment loss of \$11,271 thousand for the year ended December 31, 2019.

The Group determined the recoverable amount of the relevant assets on the basis of their fair value less costs of disposal. The fair value was categorized as a Level 3 measurement and was measured using the asset quotation less costs of disposal at that time.

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 34.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amount</u>		
Land	\$ 1,111,070	\$ 931,096
Buildings	590,232	712,148
Others	<u>61,340</u>	<u>29,993</u>
	<u>\$ 1,762,642</u>	<u>\$ 1,673,237</u>

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	\$ 401,652	\$ _____ -
Depreciation charge for right-of-use assets		
Land	\$ 32,222	\$ 24,369
Buildings	267,155	288,809
Others	<u>17,405</u>	<u>19,594</u>
	<u>\$ 316,782</u>	<u>\$ 332,772</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 in 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amount</u>		
Current	\$ 251,223	\$ 508,024
Non-current	<u>\$ 713,746</u>	<u>\$ 443,281</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	0.71%-1.35%	0.71%-1.35%
Buildings	0.26%-8.47%	0.26%-8.47%
Others	0.17%-5.49%	0.20%-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	
	2020	2019
<u>Cost</u>		
Balance at January 1	\$ 69,244	\$ 72,394
Effect of foreign currency exchange differences	<u>1,724</u>	<u>(3,150)</u>
Balance at December 31	<u>\$ 70,968</u>	<u>\$ 69,244</u>

18. OTHER INTANGIBLE ASSETS

	December 31	
	2020	2019
Computer software cost	\$ 369,022	\$ 388,675
Others	<u>13,516</u>	<u>11,941</u>
	<u>\$ 382,538</u>	<u>\$ 400,616</u>

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

Computer software cost	2-10 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 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):

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 25,345	\$ 35,880
Annuity insurance payment for the year	2,091	1,391
Annuity insurance received for the year	(14,004)	(12,844)
Increase in cash surrender value	<u>560</u>	<u>918</u>
Balance at December 31	<u>\$ 13,992</u>	<u>\$ 25,345</u>

20. LOANS

a. Short-term bank loans

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Secured bank loans (Note 34)		
Notes and accounts receivable secured loans	\$ 687,214	\$ 43,116
Unsecured bank loans		
Line of credit loans	<u>10,248,087</u>	<u>16,881,566</u>
	<u>\$ 10,935,301</u>	<u>\$ 16,924,682</u>
 <u>Effective interest rates (%)</u>		
Notes and accounts receivable secured loans	0.3-1.27	2.85
Line of credit loans	0.29-3.35	0.14-3.92

b. Long-term bank loans

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Secured bank loans (Note 34)		
Mortgage loans (1)	\$ -	\$ 172,226
Unsecured bank loans		
Line of credit loans (2)	4,364,573	2,170,346
Less: Current portion	-	(28,246)
Discounts on government grants (Note 28)	<u>(123,913)</u>	<u>(95,972)</u>
Long-term bank loans	<u>\$ 4,240,660</u>	<u>\$ 2,218,354</u>
 <u>Effective interest rates (%)</u>		
Mortgage loans	-	2-4.75
Line of credit loans	0.01-3.85	0.1-4.28

1) The mortgage loans were secured by the Group's freehold land, building and equipment.

2) Bank loans are due in 2022 - 2027.

21. OTHER PAYABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Salaries and bonuses	\$ 2,215,826	\$ 1,777,110
Payable for compensation to employees and remuneration to directors	997,486	705,688
Payable for annual leave	157,894	143,009
Payable for purchase of equipment	156,675	259,797
Others	<u>3,167,782</u>	<u>2,588,159</u>
	<u>\$ 6,695,663</u>	<u>\$ 5,473,763</u>

22. PROVISIONS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Warranties (a)	\$ 312,187	\$ 310,680
Sales returns and allowances (b)	<u>144,028</u>	<u>108,540</u>
	<u>\$ 456,215</u>	<u>\$ 419,220</u>
<u>Non-current (classified as other non-current liabilities)</u>		
Decommissioning (c)	<u>\$ 34,440</u>	<u>\$ 18,636</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 had 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 lease period.

23. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Company and 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 and Giant Hungary Mfg. have defined contribution plans base on their local laws requirement.

b. Defined benefit plans

The defined benefit plans adopted by the Company and Giant Sales in accordance with the Labor Standards Law 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:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 787,422	\$ 728,630
Fair value of plan assets	<u>(618,222)</u>	<u>(533,326)</u>
Net defined benefit liabilities	<u>\$ 169,200</u>	<u>\$ 195,304</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, 2019	\$ 693,721	\$ (514,037)	\$ 179,684
Service cost			
Current service cost	6,617	-	6,617
Past service cost and loss on settlements	478	-	478
Net interest expense (income)	<u>7,777</u>	<u>(5,891)</u>	<u>1,886</u>
Recognized in profit or loss	<u>14,872</u>	<u>(5,891)</u>	<u>8,981</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17,309)	(17,309)
Actuarial loss - changes in demographic assumptions	49	-	49
Actuarial loss - changes in financial assumptions	26,454	-	26,454
Actuarial loss - experience adjustments	<u>22,324</u>	<u>-</u>	<u>22,324</u>
Recognized in other comprehensive income	<u>48,827</u>	<u>(17,309)</u>	<u>31,518</u>
Contributions from the employer	-	(24,879)	(24,879)
Benefits paid	<u>(28,790)</u>	<u>28,790</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 728,630</u>	<u>\$ (533,326)</u>	<u>\$ 195,304</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	\$ 728,630	\$ (533,326)	\$ 195,304
Service cost			
Current service cost	4,957	-	4,957
Past service cost and loss on settlements	-	-	-
Net interest expense (income)	<u>5,464</u>	<u>(4,105)</u>	<u>1,359</u>
Recognized in profit or loss	<u>10,421</u>	<u>(4,105)</u>	<u>6,316</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17,640)	(17,640)
Actuarial loss - changes in demographic assumptions	24	-	24
Actuarial loss - changes in financial assumptions	18,513	-	18,513
Actuarial loss - experience adjustments	<u>50,215</u>	<u>-</u>	<u>50,215</u>
Recognized in other comprehensive income	<u>68,752</u>	<u>(17,640)</u>	<u>51,112</u>
Contributions from the employer	-	(82,062)	(82,062)
Benefits paid	<u>(20,381)</u>	<u>18,911</u>	<u>(1,470)</u>
Balance at December 31, 2020	<u>\$ 787,422</u>	<u>\$ (618,222)</u>	<u>\$ 169,200</u>

Through the defined benefit plans under the Labor Standards Law, 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	
	2020	2019
Discount rates	0.38%-0.5%	0.75%
Expected rates of salary increase	2.25%	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	
	2020	2019
Discount rates		
0.25% increase	<u>\$ (18,415)</u>	<u>\$ (17,899)</u>
0.25% decrease	<u>\$ 19,061</u>	<u>\$ 18,552</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 18,419</u>	<u>\$ 17,969</u>
0.25% decrease	<u>\$ (17,891)</u>	<u>\$ (17,431)</u>

The sensitivity analysis previously presented 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 would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
Expected contributions to the plans for the next year	<u>\$ 27,438</u>	<u>\$ 28,110</u>
Average duration of the defined benefit obligation	8-9.5 years	10 years

24. EQUITY

a. Ordinary shares

	December 31	
	2020	2019
Shares authorized (in thousands of shares)	<u>495,000</u>	<u>495,000</u>
Shares authorized	<u>\$ 4,950,000</u>	<u>\$ 4,950,000</u>
Shares issued and fully paid (in thousands of shares)	<u>375,065</u>	<u>375,065</u>

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

b. Capital surplus

	December 31	
	2020	2019
Share premium	\$ 1,624,005	\$ 1,624,005
Changes in percentage of ownership interests in subsidiaries	71,570	82,266
Change in capital surplus from investments in associates accounted for using the equity method	1,245	1,245
Employee share options	95,401	95,401
Others	<u>180</u>	<u>180</u>
	<u>\$ 1,792,401</u>	<u>\$ 1,803,097</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 changing in 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 capital surplus of subsidiaries accounted for using the equity method.

The capital surplus from investments accounted for using the equity method and employee options 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 a 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 25-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 2019 and 2018 which were approved in the shareholders' meetings on June 19, 2020, and June 21, 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 337,462	\$ 286,391		
Special reserve	583,479	369,041		
Cash dividends	1,725,297	1,725,297	\$ 4.6	\$ 4.6

The appropriation of earnings and dividends per share for 2020 which was proposed by the Company's board of directors on March 26, 2021 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 504,912	
Special reserve reversed	(17,082)	
Cash dividends	3,000,517	\$ 8

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 24, 2021.

d. Special reserve

The increase in retained earnings that resulted from all IFRSs adjustments 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.

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.

25. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 229,176	\$ 299,272
Interest on lease liabilities	<u>9,516</u>	<u>9,993</u>
	<u>\$ 238,692</u>	<u>\$ 309,265</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	\$ 9,825	\$ 11,063
Capitalization rate	0.59%-0.72%	0.77%

b. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31					
	2020			2019		
	Operating Costs	Operating and Non-operating Expenses	Total	Operating Costs	Operating and Non-operating Expenses	Total
Short-term employee benefits	\$ 4,772,504	\$ 3,117,286	\$ 7,889,790	\$ 4,691,241	\$ 2,585,573	\$ 7,276,814
Labor insurance, health insurance and social welfare insurance	301,664	193,260	494,924	314,409	181,992	496,401
Post-employment benefits						
Defined contribution plans	205,560	97,303	302,863	345,665	121,001	466,666
Defined benefit plans	3,485	2,831	6,316	4,905	4,076	8,981
Other employee benefits	347,627	270,427	618,054	346,441	263,976	610,417
Depreciation and amortization expenses	836,312	933,182	1,769,494	788,632	863,130	1,651,762

c. Employees' compensation and remuneration of directors

According to the Company's Articles, 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, 2020 and 2019, which were approved by the Company's board of directors on March 26, 2021 and March 20, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	7.2%	\$ 455,893	7.5%	\$ 312,081
Remuneration of directors	2.0%	127,343	2.5%	104,027

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 to directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

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.

26. INCOME TAXES

a. Income tax recognized in profit

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 1,920,759	\$ 1,035,501
Adjustments for prior years	(53,111)	(60,762)
Investment tax credits used	(40,963)	(25,163)
Taxed separately of repatriated offshore funds	11,653	77,506
Others	<u>(5,075)</u>	<u>3,776</u>
	1,833,263	1,030,858
Deferred tax		
In respect of the current year	(176,306)	107,770
Effect of change in tax rate	<u>-</u>	<u>76,378</u>
Income tax expense recognized in profit	<u>\$ 1,656,957</u>	<u>\$ 1,215,006</u>

A reconciliation of accounting profit and income tax expenses was as follows:

	For the Year Ended December 31	
	2020	2019
Income tax expense calculated at the statutory rate	\$ 2,307,481	\$ 1,518,249
Permanent differences	(378,007)	(560,882)
Temporary differences	(8,715)	93,999
Investment tax credit used	(40,963)	(25,163)
Loss carryforwards used	<u>-</u>	<u>(15,865)</u>
Current income tax expense	1,879,796	1,010,338
Deferred income tax expense		
Temporary differences	(176,306)	107,770
Effect of change in tax rate	-	76,378
Taxed separately of repatriated offshore funds	11,653	77,506
Others	(5,075)	3,776
Adjustments for prior years' tax	<u>(53,111)</u>	<u>(60,762)</u>
Income tax expense recognized in profit	<u>\$ 1,656,957</u>	<u>\$ 1,215,006</u>

The high-tech enterprise certification of Giant Chengdu expired in 2019, and the application tax rate was adjusted from 15% to 25%. Giant China had obtained high-tech enterprise certificates in 2019, and the application tax rate was reduced from 25% to 15%.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ 10,223	\$ (6,302)
Exchange difference on foreign operations	<u>(5,410)</u>	<u>(149,740)</u>
Total income tax recognized in other comprehensive income	<u>\$ 4,813</u>	<u>\$ (156,042)</u>

c. Deferred tax assets and liabilities

The movement of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2020				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Exchange difference on foreign operations	\$ 515,265	\$ -	\$ (5,410)	\$ -	\$ 509,855
Deferred accrued expenses	159,274	25,090	-	573	184,937
Deferred government grants	82,719	(2,880)	-	32	79,871
Unrealized provision for loss on inventory	68,753	7,783	-	314	76,850
Unrealized intercompany profit	87,577	(22,878)	-	(57)	64,642
Provisions	45,295	1,773	-	51	47,119
Allowance for impairment loss	28,016	(10,822)	-	166	17,360
Defined benefit obligation	21,192	272	10,223	41	31,728
Others	<u>339,340</u>	<u>39,827</u>	<u>-</u>	<u>3,433</u>	<u>382,600</u>
	<u>\$ 1,347,431</u>	<u>\$ 38,165</u>	<u>\$ 4,813</u>	<u>\$ 4,553</u>	<u>\$ 1,394,962</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Unappropriated earnings of subsidiaries	\$ 1,340,883	\$ (204,851)	\$ -	\$ (22,921)	\$ 1,113,111
Reserve for land revaluation increment tax	98,974	-	-	-	98,974
Defined benefit obligation	15,643	15,069	-	-	30,712
Others	<u>-</u>	<u>51,641</u>	<u>-</u>	<u>-</u>	<u>51,641</u>
	<u>\$ 1,455,500</u>	<u>\$ (138,141)</u>	<u>\$ -</u>	<u>\$ (22,921)</u>	<u>\$ 1,294,438</u>

For the Year Ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Exchange difference on foreign operations	\$ 365,525	\$ -	\$ 149,740	\$ -	\$ 515,265
Deferred accrued expenses	139,975	20,339	-	(1,040)	159,274
Deferred government grants	107,856	(22,085)	-	(3,052)	82,719
Unrealized provision for loss on inventory	93,892	(23,648)	-	(1,491)	68,753
Unrealized intercompany profit	62,633	24,944	-	-	87,577
Provisions	46,039	(436)	-	(308)	45,295
Allowance for impairment loss	15,764	13,289	-	(1,037)	28,016
Defined benefit obligation	14,899	59	6,302	(68)	21,192
Others	<u>359,884</u>	<u>(8,244)</u>	<u>-</u>	<u>(12,300)</u>	<u>339,340</u>
	<u>\$ 1,206,467</u>	<u>\$ 4,218</u>	<u>\$ 156,042</u>	<u>\$ (19,296)</u>	<u>\$ 1,347,431</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Unappropriated earnings of subsidiaries	\$ 1,166,947	\$ 187,692	\$ -	\$ (13,756)	\$ 1,340,883
Reserve for land revaluation increment tax	98,974	-	-	-	98,974
Defined benefit obligation	12,447	3,196	-	-	15,643
Others	<u>2,522</u>	<u>(2,522)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,280,890</u>	<u>\$ 188,366</u>	<u>\$ -</u>	<u>\$ (13,756)</u>	<u>\$ 1,455,500</u>

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	2020	2019
Loss carryforwards		
Expire in 2020 to 2024	<u>\$ 70,017</u>	<u>\$ 72,745</u>

- e. Income tax assessments

Income tax returns of Giant Sales, Giant Adventure, and YouBike through 2018, and the income tax return of the Company through 2017 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.

27. 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, 2020</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 4,948,959	375,065	<u>\$ 13.19</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>2,225</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 4,948,959</u>	<u>377,290</u>	<u>\$ 13.12</u>
<u>For the year ended December 31, 2019</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 3,374,633	375,065	<u>\$ 9.00</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>1,787</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 3,374,633</u>	<u>376,852</u>	<u>\$ 8.95</u>

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares were 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.

28. GOVERNMENT GRANTS

As of December 31, 2020, the Group received a preferential interest rate loan of \$1,523,000 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 until 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 \$1,379,128 thousand on initial recognition. The difference of \$148,872 thousand between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan and had 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.

29. DISPOSAL OF SUBSIDIARY

In order to focus on the core business of the Group, the board of directors of the Company decided to dispose the entire shares in G-Shang on September 16, 2020. The disposal was completed on September 30, 2020 and the control of G-Shang passed to the acquirer.

a. Consideration received from disposal

	Amount
Total consideration received	\$ <u>48,155</u>

b. Analysis of assets and liabilities on the date control was lost

	Amount
Current assets	\$ 202,509
Non-current assets	33,194
Current liabilities	(160,331)
Non-current liabilities	<u>(6,682)</u>
Net assets disposed of	\$ <u>68,690</u>

c. Gain on disposal of subsidiary

	Amount
Consideration received	\$ 48,155
Net assets disposed of	(68,690)
Non-controlling interests	<u>20,607</u>
Gain on disposal	\$ <u>72</u>

d. Net cash outflow on disposal of subsidiary

	Amount
Consideration received in cash and cash equivalents	\$ 48,155
Less: Cash and cash equivalent balances disposed of	<u>(67,957)</u>
	\$ <u>(19,802)</u>

Proceeds of the disposal of subsidiary were fully received in October 2020.

30. NON-CASH TRANSACTIONS

Proceed in respect of the Group's disposal of ownership of its subsidiary, Hodaka, was fully recovered in 2020, and the amount of \$11,932 thousands had not been received in cash as of December 31, 2019.

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 review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount 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, 2020</u>				
Financial assets at FVTPL				
Wealth management products	\$ <u>-</u>	\$ <u>3,823,267</u>	\$ <u>-</u>	\$ <u>3,823,267</u>
Financial assets at FVTOCI				
Domestic listed shares investments	\$ <u>1,814</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,814</u>
Financial liabilities at FVTPL				
Derivative financial instruments	\$ <u>-</u>	\$ <u>5,782</u>	\$ <u>-</u>	\$ <u>5,782</u>
<u>December 31, 2019</u>				
Financial assets at FVTPL				
Wealth management products	\$ <u>-</u>	\$ <u>4,492,687</u>	\$ <u>-</u>	\$ <u>4,492,687</u>
Financial assets at FVTOCI				
Domestic listed shares investments	\$ <u>181,845</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>181,845</u>
Financial liabilities at FVTPL				
Derivative financial instruments	\$ <u>-</u>	\$ <u>21</u>	\$ <u>-</u>	\$ <u>21</u>

There were no transfers between Levels 1 and 2 in the current and prior year.

2) 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	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.

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 3,823,267	\$ 4,492,687
Financial assets at amortized cost (1)	22,887,423	21,574,811
Financial assets at FVTOCI	1,814	181,845
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	5,782	21
Financial liabilities at amortized cost (2)	26,321,203	28,313,267

- 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 and long-term bank loans (including due within one year).

c. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, accounts receivable, accounts 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 36.

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.

	Currency Impact	
	For the Year Ended December 31	
	2020	2019
USD	\$ 26,957	\$ 40,843
EUR	22,946	12,424
JPY	(557)	2,051
RMB	(134)	(32)

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:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 2,463,176	\$ 2,254,917
Financial liabilities	9,221,643	10,984,770
Cash flow interest rate risk		
Financial assets	11,113,329	8,219,344
Financial liabilities	6,919,287	9,137,817

Sensitivity analysis

The sensitivity analyses 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, 2020 and 2019 would increase/decrease by \$17,298 thousand and \$22,845 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 27% and 34% of total accounts receivable as of December 31, 2020 and 2019, 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, 2020 and 2019, the Group had available unutilized short-term bank loan facilities of \$39,927,000 thousand and \$34,046,300 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had 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, 2020</u>			
Non-derivative Financial liabilities			
Short-term bank loans	\$ 10,935,301	\$ -	\$ -
Accounts payable	8,150,338	-	-
Lease liabilities	255,107	145,389	570,415
Other payables	2,994,904	-	-
Long-term bank loans	<u>-</u>	<u>1,381,240</u>	<u>2,859,420</u>
	<u>\$ 22,335,650</u>	<u>\$ 1,526,629</u>	<u>\$ 3,429,835</u>
<u>December 31, 2019</u>			
Non-derivative Financial liabilities			
Short-term bank loans	\$ 16,924,682	\$ -	\$ -
Accounts payable	6,328,367	-	-
Lease liabilities	518,926	172,337	311,900
Other payables	2,813,618	-	-
Long-term bank loans	<u>28,246</u>	<u>141,697</u>	<u>2,076,657</u>
	<u>\$ 26,613,839</u>	<u>\$ 314,034</u>	<u>\$ 2,388,557</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

<u>Related Party Name</u>	<u>Related Party Category</u>
Microprogram	Associates
Microprogram Information (Kunshan) Co., Ltd.	Associates
Cycling Life-style Foundation	Others
Cycling Lifestyle Foundation (Japan)	Others
Jiangsu Giant Cycling Life-style Foundation	Others
Max Success International Ltd.	Others
Kunshan Vuelta Wheel Co., Ltd.	Others
Kunshan Henry Metal Technology Co., Ltd.	Others
Shanghai RealMan Energy Technology Co., Ltd.	Others
Appa (Kunshan) Co., Ltd.	Others
Mach 1 Machining Co., Ltd.	Others
CHI YE Investment Co., Ltd	Others
Mr./Ms. Chiu	Others
Mr./Ms. Chiu	Others

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2020	2019
Others	\$ <u>9,204</u>	\$ <u>12,409</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 (OEM) products.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2020	2019
Associates	\$ 134,259	\$ 175,530
Others	<u>689</u>	<u>642</u>
	\$ <u>134,948</u>	\$ <u>176,172</u>

The prices of the purchases from related parties are based on specific diversity of products and related market trends.

d. Cost of goods sold

Related Party Category	For the Year Ended December 31	
	2020	2019
Associates	\$ 121,320	\$ 116,536
Others	<u>2,400</u>	<u>139</u>
	\$ <u>123,720</u>	\$ <u>116,675</u>

e. Operating expense

Related Party Category	For the Year Ended December 31	
	2020	2019
Others	\$ <u>15,907</u>	\$ <u>22,656</u>

f. Accounts receivable

Related Party Category	December 31	
	2020	2019
Others	\$ <u>1,820</u>	\$ <u>1,625</u>

g. Other receivables

Related Party Category	December 31	
	2020	2019
Associates	\$ <u>2,557</u>	\$ <u>2,410</u>

h. Other current assets

Related Party Category	December 31	
	2020	2019
Associates	\$ <u>4,241</u>	\$ <u>3,227</u>

i. Prepayments for equipment

Related Party Category	December 31	
	2020	2019
Other	\$ <u>-</u>	\$ <u>4,086</u>

j. Accounts payable

Related Party Category	December 31	
	2020	2019
Associates	\$ <u>17,449</u>	\$ <u>46,640</u>

k. Other payables

Related Party Category	December 31	
	2020	2019
Associates	\$ 59,959	\$ 39,945
Others	<u>148</u>	<u>18</u>
	\$ <u>60,107</u>	\$ <u>39,963</u>

l. Property transactions

Related Party Category	For the Year Ended December 31, 2020	
	Account	Purchase Price
Associates	Purchase of computer software	\$ <u>959</u>

Related Party Category	For the Year Ended December 31, 2019	
	Account	Purchase Price
Associates	Purchase of other equipment	\$ 120
Others	Purchase of machinery equipment	<u>8,508</u>
		\$ <u>8,628</u>

m. Disposal of subsidiary

Related Party Category	For the Year Ended December 31, 2020	
	Proceeds	Gain on Disposal
<u>2020</u>		
CHI YE Investment Co., Ltd	\$ 20,700	\$ 31
Mr./Ms. Chiu	5,175	8
Mr./Ms. Chiu	<u>5,175</u>	<u>8</u>
	<u>\$ 31,050</u>	<u>\$ 47</u>

n. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 258,416	\$ 287,313
Post-employment benefits	<u>945</u>	<u>939</u>
	<u>\$ 259,361</u>	<u>\$ 288,252</u>

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 bank loans:

	December 31	
	2020	2019
Notes and accounts receivable	\$ 687,214	\$ 43,116
Property, plant and equipment	-	282,043
Right-of-use assets	<u>-</u>	<u>105,047</u>
	<u>\$ 687,214</u>	<u>\$ 430,206</u>

b. The following assets were provided as collaterals for tourism and leased national land:

	December 31	
	2020	2019
Pledged bank deposits (classified as financial assets at amortized cost)	<u>\$ 2,325</u>	<u>\$ 2,323</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Group at December 31, 2020 were as follows:

a. The Group had a commitment to acquire property, plant and equipment for \$1,097,551 thousand.

b. Product liability

The existing product liability insurance policy (the “policy”) of the Group will expire on August 1, 2021. The policy covers all products manufactured by the Group that are sold all over the world. The maximum indemnity for claims in which the Group’s bicycles and electric bicycles are determined as the single original cause of a liability is USD10 million.

- c. The Group signed several contracts to provide public bicycle rental service with Taipei City Department of Transportation, New Taipei City Department of Transportation, Changhua County, Taichung City Department of Transportation, Taoyuan City Department of Transportation, Hsinchu City, Ministry of Science and Technology Hsinchu Science Park Administration, Miaoli County, Kaohsiung City Department of Transportation and Chiayi City Department of Transportation. The periods of the contracts are from January 7, 2014 to November 22, 2027.
- d. Because of signing contracts to provide public bicycle rental service, the Group has to provide deposit of \$348,440 thousand to Changhua Bank, Dajia Branch in order for Changhua Bank to provide guarantee. The validity period is until February 20, 2028.
- e. The Group entered into concession arrangements with the Quanzhou City Municipal Engineering Management Office authorized by the People’s Government of Quanzhou City, Fujian Province, 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. authorized by the Anxi County People’s Government. The contract period is from March 29, 2016 to June 14, 2025.

36. 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, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>						
Monetary items						
USD	\$ 239,199	28.508	\$ 6,819,085	\$ 258,104	30.036	\$ 7,752,412
EUR	86,127	34.531	2,974,051	51,052	33.654	1,718,104
JPY	2,556,001	0.2724	696,255	2,270,391	0.2764	627,536
RMB	86,964	4.3152	375,267	67,378	4.3116	290,507
<u>Financial liabilities</u>						
Monetary items						
USD	144,638	28.508	4,123,340	122,123	30.036	3,668,086
EUR	19,677	34.531	679,466	14,136	33.654	475,733
JPY	2,760,431	0.2724	751,941	1,528,438	0.2764	422,460
RMB	90,067	4.3152	388,657	68,111	4.3116	293,667

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:

For the Year Ended December 31					
		2020			2019
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)	
NTD	1 (NTD:NTD)	\$ (124,506)	1 (NTD:NTD)	\$ (125,816)	
RMB	4.2658 (RMB:NTD)	(108,432)	4.4728 (RMB:NTD)	49,652	
EUR	33.57 (EUR:NTD)	(49,370)	34.611 (EUR:NTD)	(8,764)	
USD	29.582 (USD:NTD)	1,545	30.914 (USD:NTD)	(1,468)	
JPY	0.2757 (JPY:NTD)	<u>(192)</u>	0.2836 (JPY:NTD)	<u>(427)</u>	
		<u>\$ (280,955)</u>		<u>\$ (86,823)</u>	

37. 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. (Table 4)
- 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 5)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 6)
- 9) Trading in derivative instruments. (Note 7)
- 10) Intercompany relationships and significant intercompany transactions. (Table 7)
- 11) Information on investees. (Table 8)

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 9)
- 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 10)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 10)
 - 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)

38. 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

	<u>Segment Revenue</u>		<u>Segment Profit</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Bicycle	\$ 63,500,316	\$ 56,564,404	\$ 6,153,802	\$ 3,942,085
Materials	4,190,452	4,173,046	612,291	618,416
Other	<u>2,320,081</u>	<u>2,712,083</u>	<u>92,180</u>	<u>171,782</u>
Total for continuing operations	<u>\$ 70,010,849</u>	<u>\$ 63,449,533</u>	6,858,273	4,732,283
Finance costs			(238,692)	(309,265)
Share of profit (loss) of associates accounted for using the equity method			(10,562)	(5,745)
Interest income			259,525	311,456
Dividend income			6,167	7,648

(Continued)

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Income on government grants			\$ 119,808	\$ 83,254
Other income			134,123	117,550
Foreign exchange gain (loss), net			(279,614)	(61,524)
Valuation gain (loss) on financial assets and liabilities at FVTPL			(5,716)	(1,043)
Other expenses			(26,973)	(29,362)
Gain (loss) on disposal of property, plant and equipment, net			16,527	(24,278)
Impairment loss recognized on property, plant and equipment			-	(11,271)
Profit before tax (continuing operations)			<u>\$ 6,832,866</u>	<u>\$ 4,809,703</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, dividend income, income on government grants, other income, foreign exchange gain (loss), Financial assets (liabilities) at fair value through profit or loss, other expenses, gain (loss) on disposal of property, plant and equipment, net, impairment loss recognized on property, plant and equipment 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		Non-current Assets	
	External Customers		December 31	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Asia	\$ 37,520,471	\$ 36,173,145	\$ 13,113,389	\$ 13,042,935
Europe	22,181,420	18,666,858	2,385,753	1,635,032
America	7,850,055	6,341,228	161,151	296,028
Others	<u>2,458,903</u>	<u>2,268,302</u>	<u>33,317</u>	<u>48,097</u>
	<u>\$ 70,010,849</u>	<u>\$ 63,449,533</u>	<u>\$ 15,693,610</u>	<u>\$ 15,022,092</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			
	2020		2019	
	Amount	%	Amount	%
Customer T	\$ 11,067,452	16	\$ 12,021,904	19
Customer S	8,784,404	13	8,694,236	14

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED ENTITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

(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 Sales	Other receivables	Yes	\$ 100,000	\$ 100,000	\$ -	-	2	\$ -	Operating Capital	\$ -	-	\$ -	\$ 2,517,330 (Note 2)	\$ 10,069,319 (Note 5)
		G-Shang	Other receivables	Yes	19,000	-	-	-	2	-	Operating Capital	-	-	-	2,517,330 (Note 2)	10,069,319 (Note 5)
1	Giant China	Giant Kunshan	Loans receivable - related parties	Yes	(RMB 647,280 150,000)	(RMB 647,280 150,000)	(RMB - -)	-	2	-	Operating Capital	-	-	-	1,984,992 (Note 3)	1,984,992 (Note 3)
		Quanzhou YouBike	Loans receivable - related parties	Yes	(RMB 388,368 90,000)	(RMB 388,368 90,000)	(RMB 215,762 50,000)	3.465%- 3.92%	2	-	Operating Capital	-	-	-	1,984,992 (Note 3)	1,984,992 (Note 3)
		Giant Light Metal	Loans receivable - related parties	Yes	(RMB 323,640 75,000)	(RMB - -)	(RMB - -)	-	2	-	Operating Capital	-	-	-	353,453 (Note 3)	1,984,992 (Note 3)
2	Giant Electric Vehicle	Giant Cycling Service	Loans receivable - related parties	Yes	(RMB 10,356 2,400)	(RMB - -)	(RMB - -)	-	2	-	Operating Capital	-	-	-	1,294,560 (Note 3)	1,294,560 (Note 3)
		Giant Kunshan	Loans receivable - related parties	Yes	(RMB 345,216 80,000)	(RMB 345,216 80,000)	(RMB - -)	-	2	-	Operating Capital	-	-	-	1,294,560 (Note 3)	1,294,560 (Note 3)
		Putian Youbike	Loans receivable - related parties	Yes	(RMB 522,139 121,000)	(RMB 522,139 121,000)	(RMB 478,987 111,000)	3.465%- 3.92%	2	-	Operating Capital	-	-	-	1,294,560 (Note 3)	1,294,560 (Note 3)
		Quanzhou Youbike	Loans receivable - related parties	Yes	(RMB 103,565 24,000)	(RMB 103,565 24,000)	(RMB 103,565 24,000)	4%	2	-	Operating Capital	-	-	-	1,294,560 (Note 3)	1,294,560 (Note 3)
3	Giant Jiangsu	Giant Kunshan	Loans receivable - related parties	Yes	(RMB 474,672 110,000)	(RMB 215,760 50,000)	(RMB - -)	-	2	-	Operating Capital	-	-	-	997,780 (Note 3)	997,780 (Note 3)
4	YouBike	Giant	Loans receivable - related parties	Yes	100,000	100,000	100,000	0.5926%- 0.7198%	2	-	Operating Capital	-	-	-	101,372 (Note 3)	405,488 (Note 3)
5	Giant Light Metal	D. Mag	Loans receivable - related parties	Yes	(RMB 302,064 70,000)	(RMB - -)	(RMB - -)	-	2	-	Operating Capital	-	-	-	997,780 (Note 3)	997,780 (Note 3)

Note 1: 1) Giant is numbered 0. 2) Subsidiaries are numbered starting from 1.

Note 2: Up to 10% of the net asset value of Giant.

Note 3: 1) Giant China to Giant Light Metal: Up to 10% of the net asset value of Giant China.
2) Giant China, Giant Electric Vehicle and Giant Holding: Up to RMB 0.46 billion, 0.3 billion and 0.25 billion, respectively.
3) YouBike: Up to 10% of its net asset value is the financing limit for each borrower and up to 40% of net assets is the aggregate financing limits..
4) The other subsidiaries: Up to USD35,000 thousand.

Note 4: The nature of financing provided could be 1) business relationship, 2) short-term financial assistance.

Note 5: 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: Except G-Shang, significant intercompany accounts and transactions have been eliminated.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(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 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 Mexico	2	\$ 12,586,649	\$ 50,778 (MXN 36,000)	\$ - (MXN -)	\$ - (MXN -)	\$ -	-	\$ 12,586,649	Y	N	N
		Giant Electric Vehicle	2	6,293,324	130,752 (JPY 480,000)	- (JPY -)	- (JPY -)	-	-	12,586,649	Y	N	Y
		Giant Hungary Mfg.	2	6,293,324	2,106,391 (EUR 61,000)	2,106,391 (EUR 61,000)	1,809,458 (EUR 52,401)	-	8.37%	12,586,649	Y	N	N
1	Giant Sales	YouBike	4	1,500,000	940,718	940,718	940,718	-	199%	1,500,000	N	N	N
2	Giant China	Giant Holding	4	997,780	4,557 (RMB 1,056)	4,557 (RMB 1,056)	4,557 (RMB 1,056)	-	0.13%	997,780	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 homes 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.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(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, 2020			
				Shares	Carrying Value	Percentage of Ownership	Fair Value (Note 1)
Giant	<u>Share capital</u> Kuei Meng	-	Financial assets at FVTOCI - non-current	10,484	\$ 1,814	-	\$ 1,814

Note 1: For shares with open market, the fair value of the securities held is based on the closing price as of December 31, 2020.

Note 2: Information on investment in subsidiaries and associates, please see Tables 8 and 9.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount (Note)
Giant	Share capital Kuei Meng	Financial assets at FVTOCI - non-current	-	-	1,699,484	\$ 181,845	-	\$ -	1,689,000	\$ 316,194	\$ 175,140	\$ 141,054	10,484	\$ 1,814

Note: Including unrealized valuation gain (loss) on financial assets.

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, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Transaction Details				Abnormal Transaction		Notes and Accounts Receivable (Payable)		Note	
			Purchase or Sale	Amount (Note)	% to Total	Collection Terms	Unit Price	Collection Terms	Ending Balance (Note)	% to Total		
Giant	Giant USA	Investee of Gaiwin	Sales	\$ (1,915,972)	(7)	T/T 90 days	-	-	\$ 499,118	9		
	Giant Australia	Investee of Gaiwin	Sales	(772,445)	(3)	T/T 30 days	-	-	95,126	2		
	Giant Benelux B.V.	Investee of Giant Europe	Sales	(119,086)	-	T/T 30 days	-	-	46,007	1		
	Giant Europe	Investee of Gaiwin	Sales	(2,557,879)	(9)	T/T 60 days	-	-	455,199	8		
	Giant France	Investee of Giant Europe	Sales	(1,430,958)	(5)	T/T 60 days	-	-	298,527	6		
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(2,921,645)	(10)	T/T 90 days	-	-	721,993	13		
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(330,869)	(1)	T/T 90 days	-	-	146,687	3		
	Giant Japan	Investee of Gaiwin	Sales	(199,191)	(1)	T/T 30 days	-	-	12,527	-		
	Giant Polska	Investee of Giant Europe	Sales	(165,472)	(1)	T/T 60 days	-	-	16,178	-		
	Giant UK	Investee of Giant Europe	Sales	(646,541)	(2)	T/T 60 days	-	-	190,657	4		
	Giant Germany	Investee of Giant Europe	Sales	(2,492,128)	(9)	T/T 60 days	-	-	499,345	9		
	Giant Canada	Investee of Gaiwin	Sales	(500,705)	(2)	T/T 90 days	-	-	75,428	1		
	Giant Italy	Investee of Giant Europe	Sales	(333,640)	(1)	T/T 60 days	-	-	23,410	-		
	Giant Korea	Investee of Gaiwin	Sales	(272,202)	(1)	T/T 30 days	-	-	28,966	1		
	Giant Sales	Investee of Giant	Sales	(774,500)	(3)	T/T 30 days	-	-	40,361	1		
	Giant China	Investee of Growood	Sales	(412,279)	(1)	T/T 90 days	-	-	73,110	1		
	Giant Kunshan	Investee of Giant Holding	Sales	(606,468)	(2)	T/T 90 days	-	-	195,792	4		
	Giant Electric Vehicle	Investee of Growood	Sales	(250,410)	(1)	T/T 90 days	-	-	66,418	1		
	Giant Electric Vehicle	Investee of Growood	Purchase	2,409,590	11	T/T 90 days	-	-	(915,004)	(20)		
	Giant China	Investee of Growood	Purchase	101,657	-	T/T 90 days	-	-	(46,600)	(1)		
	Giant Kunshan	Investee of Giant Holding	Purchase	781,007	4	T/T 90 days	-	-	(276,989)	(6)		
	D. Mag	Investee of Darzins	Purchase	227,542	1	T/T 60 days	-	-	(54,092)	(1)		
	Giant Sales	YouBike	Investee of Giant	Sales	(334,933)	(18)	Net 30 days	-	-	14,827	11	
	Giant China	Giant Europe Mfg.	Investee of Giant Europe	Sales	(116,453)	(1)	O/A 90 days	-	-	50,009	3	
					(RMB 27,299)					RMB 11,589		
		Giant UK	Investee of Giant Europe	Sales	(304,104)	(3)	T/T 90 days	-	-	68,742	4	
					(RMB 71,289)					RMB 15,930		
	Giant Europe	Investee of Gaiwin	Sales	(412,566)	(5)	O/A 60 days	-	-	51,635	3		
				(RMB 96,175)					RMB 11,966			
	Giant Manufacturing Hungary Ltd.	Investee of Giant Europe	Sales	(159,685)	(2)	O/A 90 days	-	-	72,644	4		
				(RMB 37,434)					RMB 16,834			
	D. Mag	Investee of Darzins	Purchase	135,951	2	T/T 90 days	-	-	(69,314)	(5)		
				RMB 31,870					(RMB 16,063)			
Giant Electric Vehicle	Giant Benelux	Investee of Giant Europe	Sales	(250,090)	(4)	T/T 90 days	-	-	35,808	2		
				(RMB 58,627)					RMB 8,298			
	Giant Europe	Investee of Gaiwin	Sales	(276,622)	(4)	T/T 60 days	-	-	103,883	5		
				(RMB 64,847)					RMB 24,074			
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(1,394,314)	(21)	T/T 90 days	-	-	492,720	26		
				(RMB 326,859)					RMB 114,182			
	Giant USA	Investee of Gaiwin	Sales	(329,875)	(5)	T/T 90 days	-	-	84,209	4		
				(RMB 77,330)					RMB 19,515			
	Giant Canada	Investee of Gaiwin	Sales	(203,491)	(3)	T/T 90 days	-	-	25,403	1		
				(RMB 47,703)					RMB 5,887			
	Giant Australia	Investee of Gaiwin	Sales	(159,757)	(2)	T/T 60 days	-	-	60,033	3		
				(RMB 37,451)					RMB 13,912			

(Continued)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Transaction Details				Abnormal Transaction		Notes and Accounts Receivable (Payable)		Note	
			Purchase or Sale	Amount (Note)	% to Total	Collection Terms	Unit Price	Collection Terms	Ending Balance (Note)	% to Total		
Giant Tianjin	Giant Kunshan	Investee of Giant Holding	Purchase	\$ 634,054 RMB 148,637	20	T/T 60 days	-	-	\$ (192,309) (RMB 44,566)	(20)		
	Giant Kunshan	Investee of Giant Holding	Sales	(153,131) (RMB 35,897)	(4)	T/T 90 days	-	-	70,797 RMB 16,407	28		
	Giant Chengdu	Investee of Merdeka	Sales	(144,447) (RMB 33,862)	(4)	T/T 90 days	-	-	26,740 RMB 6,197	11		
Giant Kunshan	Giant USA	Investee of Gaiwin	Sales	(454,534) (RMB 106,553)	(6)	T/T 60 days	-	-	160,474 RMB 37,188	15		
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(175,413) (RMB 41,121)	(2)	T/T 60 days	-	-	91,760 RMB 21,264	9		
	Giant China	Investee of Growood	Sales	(144,295) (RMB 33,826)	(2)	T/T 60 days	-	-	56,820 RMB 13,167	5		
	Giant Chengdu	Investee of Merdeka	Sales	(513,746) (RMB 120,434)	(7)	T/T 60 days	-	-	9,957 RMB 2,307	1		
	Giant Australia	Investee of Gaiwin	Sales	(339,962) (RMB 79,695)	(5)	T/T 60 days	-	-	24,431 RMB 5,662	2		
	Giant Canada	Investee of Gaiwin	Sales	(217,113) (RMB 50,896)	(3)	T/T 90 days	-	-	39,285 RMB 9,104	4		
	Giant Japan	Investee of Gaiwin	Sales	(625,001) (RMB 146,514)	(9)	T/T 90 days	-	-	71,399 RMB 16,546	7		
	Giant Sales	Investee of Giant	Sales	(267,160) (RMB 62,628)	(4)	T/T 60 days	-	-	38,094 RMB 8,828	4		
	Giant Korea	Investee of Gaiwin	Sales	(165,379) (RMB 38,768)	(2)	T/T 60 days	-	-	2,814 RMB 652	-		
	Giant Light Metal	D. Mag	Investee of Darzins	Purchase	355,627 RMB 83,367	7	T/T 60 days	-	-	(96,557) (RMB 22,376)	(7)	
		D. Mag	Investee of Darzins	Sales	(2,371,544) (RMB 555,944)	(51)	T/T 60 days	-	-	- RMB -	-	
		D. Mag	Investee of Darzins	Purchase	1,305,073 RMB 305,939	32	T/T 30 days	-	-	- RMB -	-	
	Giant Europe	Giant Kunshan	Investee of Giant Holding	Sales	(117,845) (RMB 27,626)	(3)	T/T 60 days	-	-	- RMB -	-	
		Giant Germany	Investee of Giant Europe	Sales	(809,244) (EUR 24,106)	(17)	T/T 60 days	-	-	231 EUR 7	-	
Giant France		Investee of Giant Europe	Sales	(1,677,355) (EUR 49,966)	(35)	T/T 60 days	-	-	342,094 EUR 9,907	60		
Giant Europe Mfg.		Investee of Giant Europe	Purchase	374,545 EUR 11,157	8	T/T 30 days	-	-	(91,633) (EUR 2,654)	(10)		
Giant Benelux		Investee of Giant Europe	Sales	(587,087) (EUR 17,488)	(12)	T/T 60 days	-	-	57,922 EUR 1,677	10		
Giant Italy		Investee of Giant Europe	Sales	(431,135) (EUR 12,843)	(9)	T/T 60 days	-	-	131,157 EUR 3,798	23		
Giant Europe Mfg.		Giant Germany	Investee of Giant Europe	Sales	(374,246) (EUR 11,148)	(5)	T/T 30 days	-	-	346,921 EUR 10,047	26	
	Giant Benelux	Investee of Giant Europe	Sales	(1,054,424) (EUR 31,410)	(13)	T/T 30 days	-	-	229,863 EUR 6,657	17		
	Giant France	Investee of Giant Europe	Sales	(152,472) (EUR 4,542)	(2)	T/T 30 days	-	-	18,222 EUR 528	1		
	Giant UK	Investee of Giant Europe	Sales	(142,660) (EUR 4,250)	(2)	T/T 35 days	-	-	93,691 EUR 2,713	7		

(Concluded)

Note: Significant intercompany accounts and transactions have been eliminated.

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, 2020
 (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 USA	Investee of Gaiwin	Accounts receivable - related parties	\$ 499,118	3	\$ -	-	\$ 324,515	\$ -
			Other receivables - related parties	1,761	-	-	-	425	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	455,199	5	-	-	447,633	-
			Other receivables - related parties	10	-	-	-	10	-
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	721,993	4	-	-	450,612	-
			Other receivables - related parties	373,446	-	-	-	373,446	-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties	298,527	5	-	-	293,602	-
	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties	499,345	8	-	-	492,876	-
	Giant Kunshan	Investee of Giant Holding	Accounts receivable - related parties	195,792	4	-	-	79,520	-
			Other receivables - related parties	17,697	-	-	-	1,102	-
	Giant UK	Investee of Giant Europe	Accounts receivable - related parties	190,657	3	-	-	59,859	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	146,687	5	-	-	99,279	-
			Other receivables - related parties	7,694	-	-	-	6,446	-
	YouBike	Giant	Parent company	Loans receivable - related parties	100,000	-	-	-	-
Giant China	Quanzhou YouBike	Investee of Giant Kunshan	Loans receivable - related parties	215,760	-	-	-	-	
Giant Electric Vehicle	Giant	Parent company	Accounts receivable - related parties	915,004	3	-	-	664,213	-
			Other receivables - related parties	925	-	-	-	-	-
	Putian YouBike	Investee of Giant Kunshan	Loans receivable - related parties	478,987	-	-	-	211,444	-
	Quanzhou YouBike	Investee of Giant Kunshan	Loans receivable - related parties	103,565	-	-	-	103,565	-
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	492,720	4	-	-	242,649	-
			Other receivables - related parties	613	-	-	-	-	-
Giant Kunshan	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	103,883	3	-	-	71,753	-
	Giant	Parent company	Accounts receivable - related parties	276,989	3	-	-	172,382	-
			Other receivables - related parties	7,160	-	-	-	-	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties	160,474	4	-	-	152,684	-
	Other receivables - related parties	16	-	-	-	-	-		
Giant Europe	Giant Tianjin	Investee of Growood	Accounts receivable - related parties	192,309	4	-	-	33,523	-
			Other receivables - related parties	457	-	-	-	-	-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties	342,094	5	-	-	342,094	-
			Other receivables - related parties	243,255	-	-	-	243,255	-
Giant Germany	Investee of Giant Europe	Other receivables - related parties	786,103	-	-	-	786,103	-	
Giant Europe Mfg.	Giant Italy	Investee of Giant Europe	Accounts receivable - related parties	131,157	2	-	-	-	-
			Other receivables - related parties	338,088	-	-	-	327,700	-
	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties	346,921	2	-	-	346,921	-
Giant Europe Mfg.	Giant Benelux	Investee of Giant Europe	Accounts receivable - related parties	229,863	7	-	-	229,863	-
			Other receivables - related parties	33	-	-	-	-	-

Note: Significant intercompany accounts and transactions have been eliminated.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	Giant	Giant Europe	1	Sales	\$ (2,557,879)	T/T 60 days	4
		Giant Europe Mfg.	1	Sales	(2,921,645)	T/T 90 days	4
		Giant Europe Mfg.	1	Accounts receivable	721,993	T/T 90 days	1
		Giant France	1	Sales	(1,430,958)	T/T 60 days	2
		Giant Germany	1	Sales	(2,492,128)	T/T 60 days	4
		Giant USA	1	Sales	(1,915,972)	T/T 90 days	3
		Giant Sales	1	Sales	(774,500)	T/T 30 days	1
		Giant Australia	1	Sales	(772,445)	T/T 30 days	1
		Giant Electric Vehicle	1	Cost of sales	2,409,590	T/T 90 days	3
		Giant Kunshan	1	Cost of sales	781,007	T/T 90 days	1
		1	Giant Electric Vehicle	Giant Europe Mfg.	3	Sales	(1,394,314)
Giant	2			Accounts receivable	915,004	T/T 90 days	1
2	Giant Europe	Giant France	3	Sales	(1,677,355)	T/T 60 days	2
		Giant Germany	3	Sales	(809,244)	T/T 60 days	1
		Giant Germany	3	Other receivables	786,103	T/T 60 days	1
3	Giant Light Metal	D. Mag	3	Sales	(2,371,544)	T/T 60 days	3
		D. Mag	3	Cost of sales	1,305,073	T/T 30 days	2
4	Giant Europe Mfg.	Giant Benelux	3	Sales	(1,054,424)	T/T 30 days	2

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.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value				
Giant	Growood	Singapore	Overseas reinvested holding company	USD 18,063	USD 18,063	26,619,300	100	\$ 5,478,745	\$ 1,393,709	\$ 1,339,700	Subsidiary	
	Gaiwin	Lelystad, Netherlands	Overseas reinvested holding company	USD 7,243	USD 7,243	502,661	100	9,396,289	1,411,141	1,414,678	Subsidiary	
	Darzins	British Virgin Islands	Overseas reinvested holding company	USD 14,889	USD 13,000	14,888,928	100	2,710,755	454,748	457,989	Subsidiary	
	Merdeka	British Virgin Islands	Overseas reinvested holding company	USD 6,000	USD 6,000	6,000,003	100	181,681	60,045	59,722	Subsidiary	
	Giant Sales	Taichung	Sale of bicycles and related products and bicycle rental	\$ 140,000	\$ 140,000	14,000,000	100	425,051	219,588	219,588	Subsidiary	
	YouBike	Taichung	Public bicycle rental	800,000	800,000	84,800,000	100	1,013,721	123,282	123,282	Subsidiary	
	G-Shang	Taichung	Manufacturing and sale of metal container and other metal products	-	35,000	-	-	-	12,962	9,073	Subsidiary (Note 4)	
	AIPS	Taichung	Manufacturing and sale of sporting goods	500,000	-	50,000,000	100	499,841	(159)	(159)	Subsidiary	
	Giant Mexico	Mexico, Mexico	Sale of bicycles and related products	USD 1	USD 1	-	1	981	451	451	Indirectly owned subsidiary	
	Microprogram	Taichung	Hardware and Software research of computer and sale of related products	244,352	244,352	8,886,000	28	220,442	(38,103)	(10,562)	Investments accounted for using the equity method	
	Giant Sales	Giant Adventure	Taichung	Undertake domestic and international tourism trade business	10,000	10,000	1,000,000	100	47,110	20,077	(Note 1)	Indirectly owned subsidiary
	Gaiwin	Giant Europe	Lelystad, Netherlands	Overseas reinvested holding company and sale of bicycles and related products	EUR 15,681	EUR 15,681	1,200	100	EUR 143,848	EUR 10,071	(Note 1)	Indirectly owned subsidiary
	Giant Europe	Giant USA	California, USA	Sale of bicycles and related products	USD 47,618	USD 47,618	200,000	100	EUR 46,791	EUR 14,241	(Note 1)	Indirectly owned subsidiary
Giant Japan		Kawasaki, Japan	Sale of bicycles and related products	JPY 200,000	JPY 200,000	4,000	100	EUR 13,947	EUR 4,341	(Note 1)	Indirectly owned subsidiary	
Giant Australia		Victoria, Australia	Sale of bicycles and related products	AUD 500	AUD 500	500,000	100	EUR 34,691	EUR 6,826	(Note 1)	Indirectly owned subsidiary	
Giant Canada		Vancouver, Canada	Sale of bicycles and related products	CAD 1,052	CAD 1,052	1,051,987	100	EUR 14,279	EUR 4,043	(Note 1)	Indirectly owned subsidiary	
Giant Korea		Seoul, South Korea	Sale of bicycles and related products	KRW 734,000	KRW 734,000	146,800	100	EUR 4,065	EUR 1,414	(Note 1)	Indirectly owned subsidiary	
Giant Mexico		Cuernavaca, Mexico	Sale of bicycles and related products	USD 3,457	USD 2,162	-	99	EUR 2,813	EUR 1,330	(Note 1)	Indirectly owned subsidiary	
Giant Germany		Erkrath, Germany	Sale of bicycles and related products	EUR 470	EUR 470	256	100	EUR 10,894	EUR 2,600	(Note 1)	Indirectly owned subsidiary	
Giant France		Aix en Provence, France	Sale of bicycles and related products	EUR 1,200	EUR 1,200	1,200	100	EUR 9,991	EUR 3,330	(Note 1)	Indirectly owned subsidiary	
Giant UK		Leicester, United Kingdom	Sale of bicycles and related products	GBP 200	GBP 200	261	100	EUR 14,466	EUR 2,019	(Note 1)	Indirectly owned subsidiary	
Giant Europe Mfg.		Lelystad, Netherlands	Manufacture and sale of bicycles	EUR 227	EUR 227	227	100	EUR 55,658	EUR 1,486	(Note 1)	Indirectly owned subsidiary	
D. Mag	Giant Polska	Warsaw, Poland	Sale of bicycles and related products	PLN 120	PLN 120	42	100	EUR 7,098	EUR 485	(Note 1)	Indirectly owned subsidiary	
	Giant Benelux	Lelystad, Netherlands	Sale of bicycles and related products	EUR 230	EUR 230	230	100	EUR 13,100	EUR 2,637	(Note 1)	Indirectly owned subsidiary	
	Giant Italy	Gallarate, Italy	Sale of bicycles and related products	EUR 200	EUR 200	200	100	EUR 1,449	EUR 625	(Note 1)	Indirectly owned subsidiary	
	Giant Hungary Mfg.	Gyongyos, Hungary	Manufacture and sale of bicycles	EUR 15,000	EUR 15,000	-	100	EUR 10,276	EUR (4,129)	(Note 1)	Indirectly owned subsidiary	
D. Mag	Golden Rich	Hong Kong	International trade	USD 100	USD 100	100,000	100	RMB 1,266	RMB 3,009	(Note 1)	Indirectly owned subsidiary	
	Light Metal Malaysia	Malaysia	Sale of medium and high-end aluminum wheel hub products	MYR 421	-	-	100	RMB (1)	RMB (692)	(Note 1)	Indirectly owned subsidiary	

Note 1: Not applicable.

Note 2: Information on investments in mainland China, please see Table 9.

Note 3: Significant intercompany accounts and transactions have been eliminated.

Note 4: The Company disposed G-Shang in September 2020.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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 Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Value as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
Giant China	Manufacture and sale of bicycles and parts	RMB 273,040 (USD 37,500)	(Note 1)	\$ 489,599	\$ -	\$ -	\$ 489,599	\$ 513,708	100%	\$ 501,001	\$ 3,482,857	\$ 8,716,800
Giant Electric Vehicle	Manufacture and sale of electric vehicle	RMB 40,465 (USD 5,000)	(Note 1)	(Note 3)	-	-	(Note 3)	619,923	100%	579,852	1,629,796	1,853,107
Giant Light Metal	Manufacture and sale of alloy materials, semi-solid aluminum, and superplastic aluminum	RMB 360,000	(Note 1)	(Notes 4, 10 and 13)	54,370	-	(Notes 4, 10 and 13)	286,833	-	171,441	-	786,817
Giant Chengdu	Sale of bicycles and parts	RMB 49,663 (USD 6,000)	(Note 1)	199,182	-	-	199,182	57,877	100%	57,553	180,847	108,998
Giant Tianjin	Manufacture and sale of bicycles and parts	RMB 89,614 (USD 12,000)	(Note 1)	(Note 3)	-	-	(Note 3)	199,338	100%	198,108	640,815	789,189
Giant Holding	Overseas reinvested holding company	RMB 577,569 (USD 88,500)	(Note 2)	2,681,933	-	-	2,681,933	462,936	100%	417,958	3,297,046	512,400
Giant Kunshan	Manufacture and sale of bicycles and parts	RMB 236,288 (USD 35,000)	(Note 6)	(Note 6)	-	-	(Note 6)	405,842	100%	360,864	1,553,590	-
Giant Cycling Service	Lease of bicycle and promotion of outdoor activities	RMB 6,595 (USD 1,000)	(Note 6)	(Note 6)	-	-	(Note 6)	(929)	100%	(929)	3,849	-
Jiangsu Giant	Undertake China tourism business	RMB 5,000	(Note 7)	(Note 7)	-	-	(Note 7)	(4,074)	100%	(4,074)	6,092	-
Quanzhou YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(Note 8)	(23,089)	100%	(23,089)	136,987	-
D. Mag	Manufacture and sale of new aluminum alloy products	RMB 226,489	(Note 11)	(Notes 11 and 13)	-	-	(Note 11)	267,635	60.39%	143,045	2,718,909	-
Giant Jiangsu	Manufacture and sale of bicycles and parts	RMB 331,779 (USD 52,500)	(Note 6)	(Note 6)	-	-	(Note 6)	38,635	100%	38,635	1,555,895	-
Light Metal Haian	Manufacture and sale of alloy materials, semi-solid aluminum, and superplastic aluminum	RMB 50,000	(Note 12)	(Note 12)	-	-	(Note 12)	(8,154)	60.39%	(4,925)	124,760	-
Putian YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(Note 8)	(8,521)	100%	(8,521)	209,449	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	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: Investee of Darzins.

Note 5: The investment income 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 "Regulations for Screening of Application to Engage in Technical Cooperation in 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 had acquired the IDB approval of the Company's establishment of an operating headquarter in Taiwan.

Note 10: Chuansin Kunshan had been merged with Giant Light Metal in December 2011. Accumulated investment amount of Chuansin Kunshan was \$221,555 thousand.

Note 11: Investee of Giant Light Metal by issuing capital.

Note 12: Investee of Giant Light Metal.

Note 13: Giant Light Metal merged with D. Mag in November 2020. After merger, D. Mag was the surviving entity.

Note 14: Significant intercompany accounts and transactions have been eliminated.

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, 2020

(In Thousands of New Taiwan Dollars)

Counterparty	Nature of Relationship	Purchase/Sale	Amount (Note)	Trade Condition			Notes/Accounts Receivable (Payable)		Unrealized Gain (Note)
				Prices	Payment Terms	Abnormal Transaction	Ending Balance	% to Total	
Giant China	Giant directly or indirectly holds more than 50% of shares	Sales	\$ 412,279	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	\$ 73,110	1	\$ 678
		Purchase	101,657	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(46,600)	(1)	5,487
D. Mag	Giant directly or indirectly holds more than 50% of shares	Purchase	227,542	Depending on specific diversity of products and related market trends	T/T 60 days	No material difference	(54,092)	(1)	10,737
Giant Electric Vehicle	Giant directly or indirectly holds more than 50% of shares	Purchase	2,409,590	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(915,004)	(20)	65,139
		Sales	250,410	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	66,418	1	-
Giant Kunshan	Giant directly or indirectly holds more than 50% of shares	Purchase	781,007	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(276,989)	(6)	15,363
		Sales	606,468	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	195,792	4	2,648

Note: Significant intercompany accounts and transactions have been eliminated.

Giant Manufacturing Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

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, 2020 and 2019, 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The 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 report 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, 2020. 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 following key audit matters identified in the Company's financial statements for the year ended December 31, 2020 are 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, 2020. 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 understood 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 order, shipping documents and receipts of payment, to confirm the authenticity of revenue recognition.
3. We reviewed significant sales returns and discounts which happened after year end to confirm the occurrence of revenue.

Other Matter

We did not audit the financial statements of Gaiwin B.V. ("Gaiwin"), investees of Gaiwin and Microprogram Information Co., Ltd., which are investees of the Company and are accounted for using the equity method for the years ended December 31, 2020 and 2019, 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 NTD9,616,731 thousand and NTD8,055,248 thousand, respectively, representing 24% and 21%, respectively, of the Company's total assets as of December 31, 2020 and 2019. The comprehensive income of these investees was NTD1,441,808 thousand and NTD339,743 thousand, respectively, representing 28% and 12%, respectively, of the Company's comprehensive income for the years ended December 31, 2020 and 2019.

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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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, 2020 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 Ting-Chien, Su and Lie-Dong, Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 29, 2021

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 703,050	2	\$ 483,887	2
Financial assets at amortized cost - current (Notes 4 and 9)	12,089	-	779,989	2
Notes receivable (Notes 4 and 10)	21	-	852	-
Accounts receivable from unrelated parties (Notes 4 and 10)	1,863,519	5	2,763,937	7
Accounts receivable from related parties (Notes 4 and 31)	3,520,847	9	3,411,929	9
Other receivables (Notes 10 and 31)	476,270	1	94,147	-
Inventories (Notes 4 and 11)	4,491,679	11	3,834,983	10
Other current assets (Note 13)	95,774	-	64,527	-
Total current assets	<u>11,163,249</u>	<u>28</u>	<u>11,434,251</u>	<u>30</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,814	-	181,845	-
Investments accounted for using the equity method (Notes 4 and 12)	23,224,552	58	21,526,032	56
Property, plant and equipment (Notes 4 and 14)	3,853,656	9	3,409,869	9
Right-of-use assets (Notes 4 and 15)	273,950	1	192,777	1
Investment properties (Notes 4 and 16)	265,126	1	268,078	1
Other intangible assets (Notes 4 and 31)	261,435	1	275,362	1
Deferred tax assets (Notes 4 and 24)	853,712	2	843,911	2
Prepayments for equipment	92,226	-	82,359	-
Other non-current assets (Note 17)	36,068	-	46,554	-
Total non-current assets	<u>28,862,539</u>	<u>72</u>	<u>26,826,787</u>	<u>70</u>
TOTAL	<u>\$ 40,025,788</u>	<u>100</u>	<u>\$ 38,261,038</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans (Note 18)	\$ 4,194,675	11	\$ 8,300,000	22
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	5,782	-	21	-
Accounts payable to unrelated parties	3,206,570	8	2,485,538	7
Accounts payable to related parties (Note 31)	1,302,535	3	1,069,375	3
Other payables (Notes 19 and 31)	2,366,914	6	1,915,369	5
Current tax liabilities (Notes 4 and 24)	654,273	2	155,054	-
Provisions - current (Notes 4 and 20)	162,790	-	183,143	-
Lease liabilities - current (Notes 4 and 15)	7,316	-	6,557	-
Other current liabilities	114,697	-	41,277	-
Total current liabilities	<u>12,015,552</u>	<u>30</u>	<u>14,156,334</u>	<u>37</u>
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 18 and 26)	1,399,087	4	928,628	2
Deferred tax liabilities (Notes 4 and 24)	877,297	2	859,252	2
Lease liabilities - non-current (Notes 4 and 15)	267,329	1	186,857	1
Deferred revenue - non-current (Notes 4 and 26)	123,913	-	95,972	-
Net defined benefit liabilities (Notes 4 and 21)	169,312	-	190,911	1
Total non-current liabilities	<u>2,836,938</u>	<u>7</u>	<u>2,261,620</u>	<u>6</u>
Total liabilities	<u>14,852,490</u>	<u>37</u>	<u>16,417,954</u>	<u>43</u>
EQUITY				
Ordinary shares	3,750,646	9	3,750,646	10
Capital surplus	1,792,401	5	1,803,097	5
Retained earnings				
Legal reserve	4,846,055	12	4,508,593	12
Special reserve	1,955,207	5	1,371,728	3
Unappropriated retained earnings	14,767,113	37	12,364,227	32
Other equity	(1,938,124)	(5)	(1,955,207)	(5)
Total equity	<u>25,173,298</u>	<u>63</u>	<u>21,843,084</u>	<u>57</u>
TOTAL	<u>\$ 40,025,788</u>	<u>100</u>	<u>\$ 38,261,038</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2021)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET SALES REVENUE (Notes 4 and 31)	\$ 28,014,958	100	\$ 25,865,158	100
COST OF GOODS SOLD (Notes 11, 23 and 31)	<u>24,382,562</u>	<u>87</u>	<u>22,713,056</u>	<u>88</u>
GROSS PROFIT	3,632,396	13	3,152,102	12
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>114,672</u>	<u>-</u>	<u>(124,726)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>3,747,068</u>	<u>13</u>	<u>3,027,376</u>	<u>12</u>
OPERATING EXPENSES (Notes 23 and 31)				
Selling and marketing expenses	629,882	2	748,187	3
General and administrative expenses	916,931	3	663,614	3
Research and development expenses	575,296	2	547,649	2
Expected credit loss (gain) (Notes 4 and 10)	<u>(854)</u>	<u>-</u>	<u>823</u>	<u>-</u>
Total operating expenses	<u>2,121,255</u>	<u>7</u>	<u>1,960,273</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>1,625,813</u>	<u>6</u>	<u>1,067,103</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs (Notes 23 and 31)	(52,773)	-	(42,966)	-
Share of profit of subsidiaries and associates accounted for using the equity method (Note 12)	4,031,720	14	2,612,342	10
Interest income (Note 10)	26,581	-	34,105	-
Royalty income (Note 31)	147,580	1	126,206	-
Dividend income	6,167	-	7,648	-
Management service income (Note 31)	16,784	-	13,355	-
Other income (Notes 16, 26 and 31)	116,593	-	60,088	-
Other expenses (Notes 4 and 23)	(4,498)	-	(6,761)	-
Loss on disposal of property, plant and equipment, net (Note 4)	(318)	-	(77)	-
Foreign exchange loss, net (Note 4)	(123,982)	-	(125,030)	-
Valuation loss on financial assets and liabilities at fair value through profit or loss (Note 4)	<u>(5,761)</u>	<u>-</u>	<u>(1,043)</u>	<u>-</u>
Total non-operating income and expenses	<u>4,158,093</u>	<u>15</u>	<u>2,677,867</u>	<u>10</u>
PROFIT BEFORE INCOME TAX	5,783,906	21	3,744,970	14
INCOME TAX EXPENSE (Notes 4 and 24)	<u>834,947</u>	<u>3</u>	<u>370,337</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>4,948,959</u>	<u>18</u>	<u>3,374,633</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss				

(Continued)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 21)	\$ (55,214)	-	\$ (31,453)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	136,164	-	16,145	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	3,282	-	(53)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>11,043</u>	<u>-</u>	<u>6,290</u>	<u>-</u>
	<u>95,275</u>	<u>-</u>	<u>(9,071)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	27,049	-	(748,700)	(3)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 12)	334	-	(664)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 24)	<u>(5,410)</u>	<u>-</u>	<u>149,740</u>	<u>1</u>
	<u>21,973</u>	<u>-</u>	<u>(599,624)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>117,248</u>	<u>-</u>	<u>(608,695)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,066,207</u>	<u>18</u>	<u>\$ 2,765,938</u>	<u>11</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 13.19</u>		<u>\$ 9.00</u>	
Diluted	<u>\$ 13.12</u>		<u>\$ 8.95</u>	

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

(With Deloitte & Touche auditors' report dated March 29, 2021)

(Concluded)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 22)	Capital Surplus (Note 22)	Retained Earnings (Note 22)				Other Equity		Total Other Equity	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2019	\$ 3,750,646	\$ 1,806,688	\$ 4,222,202	\$ 1,002,687	\$ 11,395,539	\$ 16,620,428	\$ (1,361,200)	\$ (10,528)	\$ (1,371,728)	\$ 20,806,034
Appropriation of 2018 earnings										
Legal reserve	-	-	286,391	-	(286,391)	-	-	-	-	-
Special reserve	-	-	-	369,041	(369,041)	-	-	-	-	-
Cash dividends distributed by the Company - \$4.6 per share	-	-	-	-	(1,725,297)	(1,725,297)	-	-	-	(1,725,297)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	(3,591)	-	-	-	-	-	-	-	(3,591)
Net profit for the year ended December 31, 2019	-	-	-	-	3,374,633	3,374,633	-	-	-	3,374,633
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(25,216)	(25,216)	(599,624)	16,145	(583,479)	(608,695)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	3,349,417	3,349,417	(599,624)	16,145	(583,479)	2,765,938
BALANCE AT DECEMBER 31, 2019	<u>3,750,646</u>	<u>1,803,097</u>	<u>4,508,593</u>	<u>1,371,728</u>	<u>12,364,227</u>	<u>18,244,548</u>	<u>(1,960,824)</u>	<u>5,617</u>	<u>(1,955,207)</u>	<u>21,843,084</u>
Appropriation of 2019 earnings										
Legal reserve	-	-	337,462	-	(337,462)	-	-	-	-	-
Special reserve	-	-	-	583,479	(583,479)	-	-	-	-	-
Cash dividends distributed by the Company - \$4.6 per share	-	-	-	-	(1,725,297)	(1,725,297)	-	-	-	(1,725,297)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	(10,696)	-	-	-	-	-	-	-	(10,696)
Net profit for the year ended December 31, 2020	-	-	-	-	4,948,959	4,948,959	-	-	-	4,948,959
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(40,889)	(40,889)	21,973	136,164	158,137	117,248
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	4,908,070	4,908,070	21,973	136,164	158,137	5,066,207
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	141,054	141,054	-	(141,054)	(141,054)	-
BALANCE AT DECEMBER 31, 2020	<u>\$ 3,750,646</u>	<u>\$ 1,792,401</u>	<u>\$ 4,846,055</u>	<u>\$ 1,955,207</u>	<u>\$ 14,767,113</u>	<u>\$ 21,568,375</u>	<u>\$ (1,938,851)</u>	<u>\$ 727</u>	<u>\$ (1,938,124)</u>	<u>\$ 25,173,298</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2021)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,783,906	\$ 3,744,970
Adjustments for:		
Depreciation and amortization expenses	490,848	404,143
Expected credit loss recognized (reversed)	(854)	823
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	5,761	1,043
Finance costs	52,773	42,966
Interest income	(26,581)	(34,105)
Dividend income	(6,167)	(7,648)
Share of profit of subsidiaries and associates accounted for using the equity method	(4,031,720)	(2,612,342)
Loss on disposal of property, plant and equipment, net	318	77
Write-down (reversal) of inventories	58,164	(11,614)
Unrealized (realized) gain on transactions with subsidiaries and associates	(114,672)	124,726
Unrealized loss (gain) on foreign currency exchange, net	(53,350)	44,737
Gain on disposal of subsidiaries accounted for using the equity method	(72)	-
Other	(824)	-
Net changes in operating assets and liabilities		
Notes receivable	831	10,335
Accounts receivable	852,851	(1,350,453)
Other receivables	(400,427)	38,862
Inventories	(714,859)	(1,267,092)
Other current assets	(31,246)	11,760
Notes payable	-	(2,450)
Accounts payable	946,430	459,790
Other payables	465,149	161,613
Provisions	(20,761)	20,386
Other current liabilities	73,421	(83,116)
Net defined benefit liabilities	(76,813)	(15,981)
Cash generated from (used in) operations	3,252,106	(318,570)
Interest received	26,583	34,106
Interest paid	(50,090)	(41,274)
Income tax paid	(321,852)	(639,168)
Net cash generated from (used in) operating activities	<u>2,906,747</u>	<u>(964,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	316,194	-
Purchase of financial assets at amortized costs	-	(779,989)
Proceeds from sale of financial assets at amortized cost	767,899	-
Proceeds from disposal of investments accounted for using the equity method (Note 27)	48,155	-

(Continued)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Payment for property, plant and equipment	\$ (642,538)	\$ (1,297,080)
Payments for intangible assets	(39,792)	(6,253)
Repayment by related parties	19,000	-
Decrease in other non-current assets	10,484	23,919
Increase in prepayments for equipment	(253,677)	(386,831)
Dividends received from subsidiaries and associates	2,974,128	1,155,140
Other dividends received	6,167	7,648
Acquisition of ownership interests in subsidiaries	<u>(554,370)</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>2,651,650</u>	<u>(1,283,446)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	(4,103,077)	2,950,000
Proceeds from long-term bank loans	498,400	1,024,600
Repayment of the principal portion of lease liabilities	(9,260)	(6,799)
Dividends paid	<u>(1,725,297)</u>	<u>(1,725,297)</u>
Net cash generated from (used in) financing activities	<u>(5,339,234)</u>	<u>2,242,504</u>
NET INCREASE (DECREASE) IN CASH	219,163	(5,848)
CASH AT THE BEGINNING OF THE YEAR	<u>483,887</u>	<u>489,735</u>
CASH AT THE END OF THE YEAR	<u>\$ 703,050</u>	<u>\$ 483,887</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2021)

(Concluded)

GIANT MANUFACTURING CO., LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (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, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 26, 2021.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

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)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are 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.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have 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 which 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; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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 and 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.

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 had directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions are 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 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. 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 asset, 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 asset 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 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.

l. 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 recognize 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 30.

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) 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 30.

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.

3) 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, 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, 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 rereasurement) under the 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. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences 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 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 about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements - Significant influence over associates - The Company, the single largest shareholder with less than 50% of the voting rights of the investee, does not have control but has significant influence over the investee

As stated in Note 12, that the Company is the single largest shareholder with 28% of the voting rights of the Microprogram Information Co., Ltd. (“Microprogram”). Considering the size of the Company’s holding of voting rights relative to the size and not widely dispersed holdings of the other shareholders, the Company cannot direct the relevant activities of and does not have control over Microprogram. Consequently, the Company considered and classified Microprogram as an associate by virtue of the Company’s ability to exercise significant influence over Microprogram.

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH

	<u>December 31</u>	
	2020	2019
Cash on hand and petty cash	\$ 180	\$ 50
Checking accounts and demand deposits	<u>702,870</u>	<u>483,837</u>
	<u>\$ 703,050</u>	<u>\$ 483,887</u>
 <u>Interest rate per annum (%)</u>		
Cash in bank	0.01-0.17	0.01-0.17

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2020	2019
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 5,782</u>	<u>\$ 21</u>

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

	Currency	Maturity Date	Notional Amounts (In Thousands)	Range of Interest Rates Received
<u>December 31, 2020</u>				
Sell	USD/NTD	2021.1.8-2021.2.5	USD9,800/NTD276,489	28.091-28.491
	EUR/NTD	2021.1.21	EUR8,500/NTD292,756	34.322-34.53
	CAD/NTD	2021.1.20-2021.2.19	CAD2,600/NTD57,332	22-22.12

	Currency	Maturity Date	Notional Amounts (In Thousands)	Range of Interest Rates Received
<u>December 31, 2019</u>				
Sell	USD/NTD	2020.1.3-2020.2.7	USD17,000/NTD511,908	29.926-30.203
	EUR/NTD	2020.1.20	EUR6,000/NTD201,378	33.516-33.61

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	
	2020	2019
Domestic listed shares	\$ <u>1,814</u>	\$ <u>181,845</u>

These investments in equity instruments of 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.

In 2020, the Group sold most of its shares in Kuei Meng in order to make profits. The shares sold had a fair value of \$316,194 thousand, and its related unrealized valuation gain of \$141,054 thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Restricted deposits	\$ <u>12,089</u>	\$ <u>779,989</u>

Restricted deposits were made by the Company and were approved by the Ministry of Finance, according to “The Regulations on Industries Investment from Repatriated Offshore Funds”. The Company also submitted investment plans to the Ministry of Economic Affairs for approval. Based on the regulations, the funds can only be used in the approved investment plans.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes receivable</u>		
Notes receivable	\$ <u>21</u>	\$ <u>852</u>
<u>Accounts receivable from unrelated parties</u>		
Accounts receivable	\$ 1,863,701	\$ 2,764,973
Less: Allowance for impairment loss	<u>(182)</u>	<u>(1,036)</u>
	<u>\$ 1,863,519</u>	<u>\$ 2,763,937</u>
<u>Other receivables</u>		
Loans receivable to subsidiaries	\$ -	\$ 19,000
Accounts receivable from related parties and others	<u>476,270</u>	<u>75,147</u>
	<u>\$ 476,270</u>	<u>\$ 94,147</u>

a. Accounts receivable

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 past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. 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.

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	Total
<u>December 31, 2020</u>					
Expected credit loss rate	0%	5%-40%	70%	100%	
Gross carrying amount	\$ 1,860,215	\$ 3,507	\$ -	\$ -	\$ 1,863,722
Loss allowance (lifetime ECL)	<u>-</u>	<u>(182)</u>	<u>-</u>	<u>-</u>	<u>(182)</u>
Amortized cost	<u>\$ 1,860,215</u>	<u>\$ 3,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,863,540</u>
<u>December 31, 2019</u>					
Expected credit loss rate	0%	5%-40%	70%	100%	
Gross carrying amount	\$ 2,745,109	\$ 20,716	\$ -	\$ -	\$ 2,765,825
Loss allowance (lifetime ECL)	<u>-</u>	<u>(1,036)</u>	<u>-</u>	<u>-</u>	<u>(1,036)</u>
Amortized cost	<u>\$ 2,745,109</u>	<u>\$ 19,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,764,789</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 1,036	\$ 213
Add: Net remeasurement of loss allowance	-	823
Less: Impairment losses reserved	<u>(854)</u>	<u>-</u>
Balance at December 31	<u>\$ 182</u>	<u>\$ 1,036</u>

b. Other receivables

The range of effective interest rates of loans receivable and interest income from other related parties were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Interest income	<u>\$ 110</u>	<u>\$ 134</u>
Effective interest rates (%)	0.716	0.708

Loans receivable to other related parties were fully recovered in October 2020.

11. INVENTORIES

	December 31	
	2020	2019
Finished goods and merchandises	\$ 1,906,959	\$ 1,053,531
Work in process	234,474	655,255
Raw materials and supplies	<u>2,350,246</u>	<u>2,126,197</u>
	<u>\$ 4,491,679</u>	<u>\$ 3,834,983</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$24,382,562 thousand and \$22,713,056 thousand, respectively.

The cost of goods sold for the years ended December 31, 2020 and 2019 included inventory write-downs of \$58,164 thousand and reversals of inventory write-downs of \$11,614 thousand, respectively. The reversals of previous write-downs resulted from inventory closeout.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	\$ 23,004,110	\$ 21,295,362
Investments in associates	<u>220,442</u>	<u>230,670</u>
	<u>\$ 23,224,552</u>	<u>\$ 21,526,032</u>

a. Investment in subsidiaries

Investee	December 31			
	2020		2019	
	Amount	Ownership (%)	Amount	Ownership (%)
Gaiwin B.V. (“Gaiwin”)	\$ 9,396,289	100	\$ 7,824,578	100
Growood Investment Ltd. (“Growood”)	5,478,745	100	6,277,570	100
Giant Holding Co., Ltd. (“Giant Holding”)	3,297,046	100	3,381,650	100
Darzins Holdings Ltd. (“Darzins”)	2,710,755	100	2,201,448	100
YouBike Co., Ltd. (“YouBike”)	1,013,721	100	1,028,964	100
Giant Sales Co., Ltd. (“Giant Sales”)	425,051	100	319,266	100
Merdeka International Ltd. (“Merdeka”)	181,681	100	222,768	100
G-Shang Metal Corporation (“G-Shang”)	-	-	39,010	70

(Continued)

Investee	December 31			
	2020		2019	
	Amount	Ownership (%)	Amount	Ownership (%)
Giant Bicycle Mexico S. de R.L. de C.V. ("Giant Mexico")	\$ 981	1	\$ 108	1
AIPS Technology Co., Ltd. ("AIPS")	<u>499,841</u>	100	<u>-</u>	-
	<u>\$ 23,004,110</u>		<u>\$ 21,295,362</u>	

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 Company disposed G-Shang in September 2020. Also, the Company established AIPS in September 2020.

The investments in subsidiaries 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, 2020 and 2019 were based on the subsidiaries' financial statements which have been audited for the same years.

The movements of the goodwill were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 69,244	\$ 72,394
Effect of exchange rate changes	<u>1,724</u>	<u>(3,150)</u>
Balance at December 31	<u>\$ 70,968</u>	<u>\$ 69,244</u>

b. Investments in associates

	December 31, 2020		December 31, 2019	
	Amount	Ownership (%)	Amount	Ownership (%)
Investments in insignificant associates	<u>\$ 220,442</u>	28	<u>\$ 230,670</u>	28

For the Year Ended December 31
2020 **2019**

The Company's share of:

Net loss for the year	\$ (10,562)	\$ (5,745)
Other comprehensive income (loss)	<u>334</u>	<u>(664)</u>
Total comprehensive loss for the year	<u>\$ (10,228)</u>	<u>\$ (6,409)</u>

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, 2020 and 2019 were based on the associate's financial statements which have been audited for the same years.

13. OTHER CURRENT ASSETS

	December 31	
	2020	2019
Prepaid expenses	\$ 71,704	\$ 26,488
Value - added tax	17,931	28,930
Prepayment for purchases	652	8,262
Others	<u>5,487</u>	<u>847</u>
	<u>\$ 95,774</u>	<u>\$ 64,527</u>

14. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2020				
	Beginning Balance	Additions	Disposals	Reclassified	Ending Balance
<u>Cost</u>					
Land	\$ 589,476	\$ -	\$ -	\$ -	\$ 589,476
Buildings	770,033	7,142	2,242	1,904,170	2,679,103
Machinery equipment	1,250,303	108,798	1,484	119,233	1,476,850
Mold equipment	272,978	18,439	374	70,258	361,301
Transportation equipment	37,918	703	-	-	38,621
Office equipment	62,201	12,263	-	27,977	102,441
Other equipment	160,632	25,756	690	21,345	207,043
Construction in progress	<u>1,728,302</u>	<u>453,042</u>	<u>-</u>	<u>(1,922,440)</u>	<u>258,904</u>
	<u>4,871,843</u>	<u>\$ 626,143</u>	<u>\$ 4,790</u>	<u>\$ 220,543</u>	<u>5,713,739</u>
<u>Accumulated depreciation</u>					
Buildings	442,316	\$ 55,364	\$ 1,924	\$ -	495,756
Machinery equipment	702,015	203,314	1,484	-	903,845
Mold equipment	173,950	91,948	374	-	265,524
Transportation equipment	23,301	6,753	-	-	30,054
Office equipment	26,483	20,400	-	-	46,883
Other equipment	<u>93,909</u>	<u>24,802</u>	<u>690</u>	<u>-</u>	<u>118,021</u>
	<u>1,461,974</u>	<u>\$ 402,581</u>	<u>\$ 4,472</u>	<u>\$ -</u>	<u>1,860,083</u>
	<u>\$ 3,409,869</u>				<u>\$ 3,853,656</u>

For the Year Ended December 31, 2019

	Beginning Balance	Additions	Disposals	Reclassified	Ending Balance
<u>Cost</u>					
Land	\$ 741,291	\$ -	\$ -	\$ (151,815)	\$ 589,476
Buildings	870,034	3,770	32,181	(71,590)	770,033
Machinery equipment	1,110,036	13,962	23,481	149,786	1,250,303
Mold equipment	200,355	9,019	17,848	81,452	272,978
Transportation equipment	34,971	2,257	-	690	37,918
Office equipment	52,485	4,549	1,604	6,771	62,201
Other equipment	152,482	2,023	14,099	20,226	160,632
Construction in progress	598,049	1,130,253	-	-	1,728,302
	<u>3,759,703</u>	<u>\$ 1,165,833</u>	<u>\$ 89,213</u>	<u>\$ 35,520</u>	<u>4,871,843</u>
<u>Accumulated depreciation</u>					
Buildings	450,692	\$ 40,059	\$ 32,181	\$ (16,254)	442,316
Machinery equipment	533,058	192,361	23,404	-	702,015
Mold equipment	106,164	85,634	17,848	-	173,950
Transportation equipment	15,995	7,306	-	-	23,301
Office equipment	13,273	14,814	1,604	-	26,483
Other equipment	87,477	20,531	14,099	-	93,909
	<u>1,206,659</u>	<u>\$ 360,705</u>	<u>\$ 89,136</u>	<u>\$ (16,254)</u>	<u>1,461,974</u>
	<u>\$ 2,553,044</u>				<u>\$ 3,409,869</u>

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
Other	2-15 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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 271,210	\$ 186,546
Buildings	820	2,570
Others	<u>1,920</u>	<u>3,661</u>
	<u>\$ 273,950</u>	<u>\$ 192,777</u>

	For the Year Ended December 31	
	2020	2019
Depreciation charge for right-of-use assets		
Land	\$ 5,312	\$ 3,954
Buildings	1,275	646
Others	<u>1,741</u>	<u>1,465</u>
	<u>\$ 8,328</u>	<u>\$ 6,065</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 7,316</u>	<u>\$ 6,557</u>
Non-current	<u>\$ 267,329</u>	<u>\$ 186,857</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	0.71%	0.71%
Buildings	0.71%	0.71%
Others	0.71%	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.

16. INVESTMENT PROPERTIES

	For the Year Ended December 31, 2020			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost	\$ 296,474	\$ -	\$ -	\$ 296,474
Accumulated depreciation	<u>28,396</u>	<u>2,952</u>	<u>-</u>	<u>31,348</u>
	<u>\$ 268,078</u>	<u>\$ 2,952</u>	<u>\$ -</u>	<u>\$ 265,126</u>

	For the Year Ended December 31, 2019			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost	\$ 53,530	\$ -	\$ 242,944	\$ 296,474
Accumulated depreciation	<u>9,190</u>	<u>2,952</u>	<u>16,254</u>	<u>28,396</u>
	<u>\$ 44,340</u>	<u>\$ 2,952</u>	<u>\$ 226,690</u>	<u>\$ 268,078</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	
	2020	2019
Year 1	\$ 9,843	\$ 9,875
Year 2	9,843	9,875
Year 3	9,843	9,875
Year 4	9,843	9,875
Year 5	<u>9,843</u>	<u>9,875</u>
	<u>\$ 49,215</u>	<u>\$ 49,375</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	
	2020	2019
Fair value	<u>\$ 404,174</u>	<u>\$ 419,388</u>

The investment property had been leased out under operating leases. The rental income, classified as non-operating income - other income, generated for the years ended December 31, 2020 and 2019 was \$9,843 thousand and \$9,875 thousand, respectively.

17. 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 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):

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 25,345	\$ 35,880
Annuity insurance payment for the year	2,091	1,391
Annuity insurance received for the year	(14,004)	(12,844)
Increase in cash surrender value	<u>560</u>	<u>918</u>
Balance at December 31	<u>\$ 13,992</u>	<u>\$ 25,345</u>

18. LOANS

a. Short-term bank loans

	December 31	
	2020	2019
<u>Unsecured bank loans</u>		
Line of credit loans	<u>\$ 4,194,675</u>	<u>\$ 8,300,000</u>
Effective interest rates (%)	0.5129	0.66-0.812

b. Long-term bank loans

	December 31	
	2020	2019
<u>Unsecured bank loans</u>		
Line of credit loans	\$ 1,523,000	\$ 1,024,600
Less: Discounts on government grants (Note 26)	<u>(123,913)</u>	<u>(95,972)</u>
	<u>\$ 1,399,087</u>	<u>\$ 928,628</u>
Effective interest rates (%)	0.01	0.1

Bank loans are due in 2027.

19. OTHER PAYABLES

	December 31	
	2020	2019
Salaries and bonuses	\$ 1,104,298	\$ 944,386
Payable for compensation to employees and remuneration to directors	583,236	416,108
Payable for purchase of equipment	41,920	58,282
Others	<u>637,460</u>	<u>496,593</u>
	<u>\$ 2,366,914</u>	<u>\$ 1,915,369</u>

20. PROVISIONS - CURRENT

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Warranties	\$ <u>162,790</u>	\$ <u>183,143</u>

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 had 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 Law 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>	
	<u>2020</u>	<u>2019</u>
Present value of defined benefit obligation	\$ 777,314	\$ 714,877
Fair value of plan assets	<u>(608,002)</u>	<u>(523,966)</u>
Net defined benefit liabilities	<u>\$ 169,312</u>	<u>\$ 190,911</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, 2019	\$ 680,041	\$ (504,602)	\$ 175,439
Service cost			
Current service cost	6,552	-	6,552
Net interest expense (income)	7,640	(5,795)	1,845
Recognized in profit or loss	<u>14,192</u>	<u>(5,795)</u>	<u>8,397</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(16,979)	(16,979)
Actuarial loss - changes in demographic assumptions	40	-	40
Actuarial loss - changes in financial assumptions	26,128	-	26,128
Actuarial loss - experience adjustments	22,264	-	22,264
Recognized in other comprehensive income	<u>48,432</u>	<u>(16,979)</u>	<u>31,453</u>
Contributions from the employer	-	(24,378)	(24,378)
Benefits paid	<u>(27,788)</u>	<u>27,788</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 714,877</u>	<u>\$ (523,966)</u>	<u>\$ 190,911</u>
Balance at January 1, 2020	<u>\$ 714,877</u>	<u>\$ (523,966)</u>	<u>\$ 190,911</u>
Service cost			
Current service cost	4,924	-	4,924
Net interest expense (income)	5,361	(4,033)	1,328
Recognized in profit or loss	<u>10,285</u>	<u>(4,033)</u>	<u>6,252</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17,319)	(17,319)
Actuarial loss - changes in demographic assumptions	-	(17,319)	(17,319)
Actuarial loss - changes in financial assumptions	24	-	24
Actuarial loss - experience adjustments	18,214	-	18,214
Recognized in other comprehensive income	<u>54,295</u>	<u>-</u>	<u>54,295</u>
Contributions from the employer	<u>72,533</u>	<u>(17,319)</u>	<u>55,214</u>
Benefits paid	-	(81,595)	(81,595)
	<u>(20,381)</u>	<u>18,911</u>	<u>(1,470)</u>
Balance at December 31, 2020	<u>\$ 777,314</u>	<u>\$ (608,002)</u>	<u>\$ 169,312</u>

Through the defined benefit plans under the Labor Standards Law, 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>	
	2020	2019
Discount rates	0.5%	0.75%
Expected rates of salary increase	2.25%	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:

	<u>December 31</u>	
	2020	2019
Discount rates		
0.25% increase	<u>\$ (18,214)</u>	<u>\$ (17,573)</u>
0.25% decrease	<u>\$ 18,855</u>	<u>\$ 18,214</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 18,220</u>	<u>\$ 17,642</u>
0.25% decrease	<u>\$ (17,696)</u>	<u>\$ (17,114)</u>

The sensitivity analysis previously presented 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 would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	2020	2019
Expected contributions to the plans for the next year	<u>\$ 26,960</u>	<u>\$ 27,615</u>
Average duration of the defined benefit obligation	9.5 years	10 years

22. EQUITY

- a. Ordinary shares

	<u>December 31</u>	
	2020	2019
Shares authorized (in thousands of shares)	<u>495,000</u>	<u>495,000</u>
Shares authorized	<u>\$ 4,950,000</u>	<u>\$ 4,950,000</u>
Shares issued and fully paid (in thousands of shares)	<u>375,065</u>	<u>375,065</u>

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

b. Capital surplus

	December 31	
	2020	2019
Share premium	\$ 1,624,005	\$ 1,624,005
Changes in percentage of ownership interests in subsidiaries	71,570	82,266
Change in capital surplus from investments in associates accounted for using the equity method	1,245	1,245
Employee share options	95,401	95,401
Others	<u>180</u>	<u>180</u>
	<u>\$ 1,792,401</u>	<u>\$ 1,803,097</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 changing in 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 capital surplus of subsidiaries accounted for using the equity method.

The capital surplus from investments accounted for using the equity method and employee options 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 2019 and 2018 which were approved in the shareholders' meetings on June 19, 2020, and June 21, 2019, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Legal reserve	\$ 337,462	\$ 286,391		
Special reserve	583,479	369,041		
Cash dividends	1,725,297	1,725,297	\$ 4.6	\$ 4.6

The appropriation of earnings and dividends per share for 2020 which was proposed by the Company's board of directors on March 26, 2021 was as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 504,912	
Special reserve reversed	(17,082)	
Cash dividends	3,000,517	\$ 8

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 24, 2021.

d. Special reserve

The increase in retained earnings that resulted from all IFRSs adjustments 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.

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Interest on bank loans	\$ 50,470	\$ 41,595
Interest on lease liabilities	1,815	1,371
Interest on loans from related parties	<u>488</u>	<u>-</u>
	<u>\$ 52,773</u>	<u>\$ 42,966</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	\$ 9,825	\$ 11,063
Capitalization rate	0.59%-0.72%	0.77%

b. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31					
	2020			2019		
	Operating Costs	Operating and Non-operating Expenses	Total	Operating Costs	Operating and Non-operating Expenses	Total
Short-term employee benefits	\$ 1,317,990	\$ 896,717	\$ 2,214,707	\$ 1,203,030	\$ 699,333	\$ 1,902,363
Labor insurance and health insurance	110,918	45,081	155,999	106,633	41,826	148,459
Post-employment benefits						
Defined contribution plans	38,234	17,018	55,252	36,722	15,309	52,031
Defined benefit plans	3,485	2,767	6,252	4,905	3,492	8,397
Remuneration of directors	-	150,713	150,713	-	126,157	126,157
Other employee benefits	96,203	32,353	128,556	94,507	32,146	126,653
Depreciation and amortization expenses	246,297	244,551	490,848	228,142	176,001	404,143

For the years ended December 31, 2020 and 2019, the average number employees of the Company was 2,857 and 2,765, 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, 2020 and 2019, the average of employee benefits expense were \$899 and \$812 thousand, respectively. For the years ended December 31, 2020 and 2019, the average of employee salaries were \$778 and \$692 thousand, respectively. The average employee salaries increased by 12% in 2020.

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 of directors' remuneration and travel allowance, the remuneration of directors is paid at prevailing rates. If the Company has a surplus, it shall be allocated to the compensation and remuneration in accordance with the Company's policy. After the allocations are being reviewed by the remuneration committee and the Board of Directors, it will be reported in the shareholders' meeting. When a director is also an employee, the remuneration shall be paid in accordance with the policy of b and c.
- b) The standards of compensation and remuneration for the general manager and deputy general manager are in accordance with the Company's policy of personnel performance appraisal, which is provided by the department of the human resource, the individual performance, the contribution to the Company's overall performance, and in consideration of market compensation surveys. After the remuneration is being reviewed by the remuneration committee, and it will be implemented with the approval of the Board of Directors.
- c) The Company's policy of 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

According to the Company's Articles, 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, 2020 and 2019, which were approved by the Company's board of directors on March 26, 2021 and March 20, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	7.2%	\$ 455,893	7.5%	\$ 312,081
Remuneration of directors	2.0%	127,343	2.5%	104,027

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 to directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2019 and 2018.

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

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 864,252	\$ 292,933
Adjustments for prior years	(24,779)	(7,020)
Investment tax credits used	(30,056)	(25,163)
Taxed separately of repatriated offshore funds	<u>11,653</u>	<u>77,506</u>
	821,070	338,256
Deferred tax		
In respect of the current year	<u>13,877</u>	<u>32,081</u>
Income tax expense recognized in profit	<u>\$ 834,947</u>	<u>\$ 370,337</u>

A reconciliation of accounting profit and income tax expenses was as follows:

	For the Year Ended December 31	
	2020	2019
Income tax expense calculated at the statutory rate	\$ 1,156,781	\$ 748,994
Permanent differences	(290,950)	(523,554)
Temporary differences	(1,579)	67,493
Investment tax credit used	<u>(30,056)</u>	<u>(25,163)</u>
Current income tax expense	834,196	267,770
Deferred income tax expense		
Temporary differences	13,877	32,081
Taxed separately of repatriated offshore funds	11,653	77,506
Adjustments for prior years' tax	<u>(24,779)</u>	<u>(7,020)</u>
Income tax expense recognized in profit	<u>\$ 834,947</u>	<u>\$ 370,337</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (11,043)	\$ (6,290)
Exchange difference on foreign operations	<u>5,410</u>	<u>(149,740)</u>
Total income tax recognized in other comprehensive income	<u>\$ (5,633)</u>	<u>\$ (156,030)</u>

c. Deferred tax assets and liabilities

The movement of deferred tax assets and deferred tax liabilities were as follows:

For the Year Ended December 31, 2020				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Exchange difference on foreign operations	\$ 515,265	\$ -	\$ (5,410)	\$ 509,855
Deferred accrued expenses	117,060	13,280	-	130,340
Unrealized intercompany profit	87,578	(22,935)	-	64,643
Provisions	36,629	(4,071)	-	32,558
Unrealized provision for loss on inventory	27,916	11,633	-	39,549
Defined benefit obligation	19,286	-	11,043	30,329
Unrealized loss on foreign currency exchange	8,949	(8,949)	-	-
Others	<u>31,228</u>	<u>15,210</u>	<u>-</u>	<u>46,438</u>
	<u>\$ 843,911</u>	<u>\$ 4,168</u>	<u>\$ 5,633</u>	<u>\$ 853,712</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 744,635	\$ 1,226	\$ -	\$ 745,861
Reserve for land revaluation increment tax	98,974	-	-	98,974
Defined benefit obligation	15,643	15,069	-	30,712
Unrealized gain on foreign currency exchange	<u>-</u>	<u>1,750</u>	<u>-</u>	<u>1,750</u>
	<u>\$ 859,252</u>	<u>\$ 18,045</u>	<u>\$ -</u>	<u>\$ 877,297</u>

For the Year Ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Exchange difference on foreign operations	\$ 365,525	\$ -	\$ 149,740	\$ 515,265
Deferred accrued expenses	96,683	20,377	-	117,060
Unrealized intercompany profit	62,633	24,945	-	87,578
Provisions	32,633	3,996	-	36,629
Unrealized provision for loss on inventory	30,239	(2,323)	-	27,916
Defined benefit obligation	12,996	-	6,290	19,286
Unrealized loss on foreign currency exchange	-	8,949	-	8,949
Others	<u>22,598</u>	<u>8,630</u>	<u>-</u>	<u>31,228</u>
	<u>\$ 623,307</u>	<u>\$ 64,574</u>	<u>\$ 156,030</u>	<u>\$ 843,911</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 648,654	\$ 95,981	\$ -	\$ 744,635
Reserve for land revaluation increment tax	98,974	-	-	98,974
Defined benefit obligation	12,447	3,196	-	15,643
Unrealized gain on foreign currency exchange	2,318	(2,318)	-	-
Others	<u>204</u>	<u>(204)</u>	<u>-</u>	<u>-</u>
	<u>\$ 762,597</u>	<u>\$ 96,655</u>	<u>\$ -</u>	<u>\$ 859,252</u>

d. Income tax assessments

Income tax returns of the Company through 2017 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, 2020</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 4,948,959	375,065	<u>\$ 13.19</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>2,225</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 4,948,959</u>	<u>377,290</u>	<u>\$ 13.12</u>
<u>For the year ended December 31, 2019</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 3,374,633	375,065	<u>\$ 9.00</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>1,787</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 3,374,633</u>	<u>376,852</u>	<u>\$ 8.95</u>

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares were 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. GOVERNMENT GRANTS

As of December 31, 2020, the Company received a preferential interest rate loan of \$1,523,000 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 until 2027. Using the prevailing market interest rates at an equivalent loan rate of 1.35%-1.6%, the fair value of the loan was estimated at \$1,379,128 thousand on initial recognition. The difference of \$143,872 thousand between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan and had 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.

27. DISPOSAL OF SUBSIDIARIES

In order to focus on the core business of the Group, the Board of Directors of the Company decided to dispose the entire shares of the G-Shang on September 16, 2020. The disposal was completed on September 30, 2020 and the control of G-Shang passed to the acquirer. For details about the disposal of G-Shang, refer to Note 29 to the Company's consolidated financial statements for the year ended December 31, 2020.

28. NON-CASH TRANSACTIONS

Proceed in respect of the Company's disposal of ownership of its subsidiary, Hodaka, was fully recovered in 2020, and the amount of \$11,932 thousands had not been received in cash as of December 31, 2019.

29. 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 review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

30. 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, 2020</u>				
Financial assets at FVTOCI				
Domestic listed shares investments	<u>\$ 1,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,814</u>
Financial liabilities at FVTPL				
Derivative financial instruments	<u>\$ -</u>	<u>\$ 5,782</u>	<u>\$ -</u>	<u>\$ 5,782</u>
<u>December 31, 2019</u>				
Financial assets at FVTOCI				
Domestic listed shares investments	<u>\$ 181,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,845</u>
Financial liabilities at FVTPL				
Derivative financial instruments	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 21</u>

There were no transfers between Levels 1 and 2 in the current and prior year.

2) Valuation techniques and inputs applied Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivative financial instruments	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.

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 6,575,796	\$ 7,534,741
Financial assets at FVTOCI	1,814	181,845
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	5,782	21
Financial liabilities at amortized cost (2)	10,705,321	13,268,249

1) The balances included financial assets at amortized cost, which comprise cash, financial assets at amortized cost, notes receivable, accounts receivable and other receivables.

2) The balances included financial liabilities at amortized cost, which comprise short-term bank loans, accounts payable, other payables and long-term bank loans.

c. Financial risk management objectives and policies

The Company's major financial instruments included equity investments, accounts receivable, accounts 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.

	Currency Impact	
	For the Year Ended December 31	
	2020	2019
USD	\$ 12,533	\$ 30,713
EUR	16,289	10,395
JPY	(2,314)	203
RMB	(134)	(32)

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:

	<u>December 31</u>	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ -	\$ 19,000
Financial liabilities	1524,645	3,893,414
Cash flow interest rate risk		
Financial assets	714,827	1,262,413
Financial liabilities	4,443,762	5,528,628

Sensitivity analysis

The sensitivity analyses 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, 2020 and 2019 would increase/decrease by \$11,109 thousand and \$13,822 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 30% and 42% of total accounts receivable as of December 31, 2020 and 2019, respectively, was attributable to the Company's the 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, 2020 and 2019, the company had available unutilized short-term bank loan facilities of \$18,836,602 thousand and \$14,585,400 thousand, respectively.

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had 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.

	Less Than 1 Year	1-2 Years	Over 2 Years
<u>December 31, 2020</u>			
Non-derivative Financial liabilities			
Short-term bank loans	\$ 4,194,675	\$ -	\$ -
Accounts payable	4,509,105	-	-
Lease liabilities	9,234	6,887	308,252
Other payables	602,454	-	-
Long-term bank loans	<u>-</u>	<u>-</u>	<u>1,399,087</u>
	<u>\$ 9,315,468</u>	<u>\$ 6,887</u>	<u>\$ 1,707,339</u>
<u>December 31, 2019</u>			
Non-derivative Financial liabilities			
Short-term bank loans	\$ 8,300,000	\$ -	\$ -
Accounts payable	3,554,913	-	-
Lease liabilities	7,903	12,149	208,318
Other payables	484,708	-	-
Long-term bank loans	<u>-</u>	<u>-</u>	<u>928,628</u>
	<u>\$ 12,347,524</u>	<u>\$ 12,149</u>	<u>\$ 1,136,946</u>

31. 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

<u>Related Party Name</u>	<u>Related Party Category</u>
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 Italy S.R.L. ("Giant Italy")	Subsidiary
Giant Korea Co., Ltd. ("Giant Korea")	Subsidiary
Giant Polska Sp. ZO. O. ("Giant Polska")	Subsidiary
Giant S.A.R.L. ("Giant France")	Subsidiary
Giant U.K. Ltd. ("Giant UK")	Subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Giant Europe Manufacturing B.V. ("Giant Europe Mfg.")	Subsidiary
Giant Manufacturing Hungary Ltd. ("Giant Hungary Mfg.")	Subsidiary
Giant Light Metal Technology (Kunshan) Co., Ltd. ("Giant Light Metal")	Subsidiary (Merged with D. Mag on November 30, 2020. After merger, D. Mag was the surviving company)
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 (Kunshan) New Material Technology Co., Ltd. ("D. Mag")	Subsidiary
Microprogram	Associate
G-Shang	Other (Note 27)
Cycling Life-style Foundation	Other
Max Success International Ltd.	Other
CHI YE Investment Co., Ltd.	Other
Mr./Ms. Chiu	Other
Mr./Ms. Chiu	Other

(Concluded)

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Giant Europe Mfg.	\$ 2,921,645	\$ 2,343,197
Giant USA	1,915,972	2,893,937
Subsidiaries	11,977,141	9,765,571
Others	-	1,345
	<u>\$ 16,814,758</u>	<u>\$ 15,004,050</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 (OEM) products.

The unrealized gain on transactions with subsidiaries in China was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Giant Kunshan	\$ 2,648	\$ 9,665
Giant China	678	363
Giant Tianjin	<u>-</u>	<u>(144)</u>
	<u>\$ 3,326</u>	<u>\$ 9,884</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Giant Electric Vehicle	\$ 2,409,590	\$ 2,959,479
Subsidiaries	1,198,336	1,329,826
Associates	<u>91,984</u>	<u>28,389</u>
	<u>\$ 3,699,910</u>	<u>\$ 4,317,694</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	
	2020	2019
Giant Electric Vehicle	\$ 65,139	\$ 47,166
Giant Kunshan	15,363	2,575
D. Mag	11,040	8,539
Giant China	5,487	4,517
Giant Light Metal	<u>-</u>	<u>4,006</u>
	<u>\$ 97,029</u>	<u>\$ 66,803</u>

d. Operating expense

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiaries	\$ 138,314	\$ 123,719
Associates	22	477
Others	<u>13</u>	<u>-</u>
	<u>\$ 138,349</u>	<u>\$ 124,196</u>

e. Royalty income

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Giant Kunshan	\$ 70,988	\$ 62,462
Giant Tianjin	38,567	27,355
Giant China	15,889	14,581
Giant Electric Vehicle	12,002	10,255
Giant Chengdu	<u>10,134</u>	<u>7,802</u>
	<u>\$ 147,580</u>	<u>\$ 122,455</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 is calculated at 1.5% of the revenue of each subsidiaries' sales of the Company's trademarked products.

f. Management service income

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Giant Japan	<u>\$ 16,784</u>	<u>\$ 13,355</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.

g. Accounts receivable

Related Party Category/Name	December 31	
	2020	2019
Giant Europe Mfg.	\$ 721,993	\$ 789,313
Giant USA	499,118	706,404
Subsidiaries	<u>2,299,736</u>	<u>1,916,212</u>
	<u>\$ 3,520,847</u>	<u>\$ 3,411,929</u>

i. Other receivables

Related Party Category/Name	December 31	
	2020	2019
Subsidiaries	<u>\$ 425,990</u>	<u>\$ 43,722</u>

j. Accounts payable

Related Party Category/Name	December 31	
	2020	2019
Giant Electric Vehicle	\$ 915,004	\$ 760,491
Subsidiaries	377,799	301,093
Associates	<u>9,732</u>	<u>7,791</u>
	<u>\$ 1,302,535</u>	<u>\$ 1,069,375</u>

k. Other payables (without loans from related parties)

Related Party Category/Name	December 31	
	2020	2019
Subsidiaries	\$ 78,786	\$ 42,152
Associates	<u>30</u>	<u>-</u>
	<u>\$ 78,816</u>	<u>\$ 42,152</u>

l. Property transactions

Related Party Category/Name	For the Year Ended December 31, 2020	
	Account	Purchase Price
Associates	Purchase of computer software	\$ 959
Subsidiaries	Purchase of mold equipment	<u>157</u>
		<u>\$ 1,116</u>

m. Disposal of subsidiaries

Related Party Category/Name	For the Year Ended December 31, 2020	
	Proceeds	Gain on Disposal
CHI YE Investment Co., Ltd.	\$ 20,700	\$ 31
Mr./Ms. Chiu	5,175	8
Mr./Ms. Chiu	<u>5,175</u>	<u>8</u>
	<u>\$ 31,050</u>	<u>\$ 47</u>

n. Loans from related parties

Interest expense

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiaries	<u>\$ 488</u>	<u>\$ -</u>

The Company obtained loans from related parties at rates of 0.5926%-0.7198% at December 31, 2020, and the rates were comparable to market interest rates. The loans from subsidiaries are unsecured (Table 1).

o. Endorsements and guarantees, refer to Table 2.

p. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 212,200	\$ 181,399
Post-employment benefits	<u>945</u>	<u>939</u>
	<u>\$ 213,145</u>	<u>\$ 182,338</u>

The remuneration of directors and key executives, as determined by the remuneration committee was based on the performance of individuals and market trends.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Company at December 31, 2020 were as follows:

- a. The Company had a commitment to acquire property, plant and equipment for \$234,007 thousand.
- b. Product liability

The existing product liability insurance policy (the “policy”) of the Company will expire on August 1, 2021. The policy covers all products manufactured by the Company that are sold all over the world. The maximum indemnity for claims in which the Company’s bicycles and electric bicycles are determined as the single original cause of a liability is USD10 million.

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, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>						
Monetary items						
USD	\$ 98,629	28.508	\$ 2,811,716	\$ 142,264	30.036	\$ 4,273,042
EUR	51,824	34.531	1,789,535	33,252	33.654	1,119,063
JPY	241,680	0.2724	65,834	722,590	0.2764	199,724
RMB	86,964	4.3152	375,267	67,378	4.3116	290,507
Non-monetary items						
Investments						
accounted for						
using the equity						
method						
USD	293,643	28.508	8,371,181	289,712	30.036	8,701,786
EUR	272,140	34.531	9,397,270	232,504	33.654	7,824,686
RMB	764,054	4.3152	3,297,046	784,314	4.3116	3,381,650

(Continued)

	December 31, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial liabilities</u>						
Monetary items						
USD	\$ 54,672	28.508	\$ 1,558,589	\$ 40,010	30.036	\$ 1,201,740
EUR	4,651	34.531	160,604	2,365	33.654	79,592
JPY	1,091,058	0.2724	297,204	649,049	0.2764	179,397
RMB	90,067	4.3152	388,657	68,111	4.3116	293,667
						(Concluded)

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Year Ended December 31			
	2020		2019	
Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)	
USD	29.582 (USD:NTD)	\$ (129,586)	30.914 (USD:NTD)	\$ (102,437)
JPY	0.2757 (JPY:NTD)	(15,397)	0.2836 (JPY:NTD)	(5,945)
EUR	33.570 (EUR:NTD)	27,254	34.611 (EUR:NTD)	(25,109)
RMB	4.2658 (RMB:NTD)	<u>24,116</u>	4.4728 (RMB:NTD)	<u>9,314</u>
		<u>\$ (93,613)</u>		<u>\$ (124,177)</u>

34. 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. (Table 4)
- 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 5)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 6)
- 9) Trading in derivative instruments. (Note 7)

10) 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)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED ENTITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

(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 (Note 7)	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 Sales	Other receivables	Yes	\$ 100,000	\$ 100,000	\$ -	-	2	\$ -	Operating Capital	\$ -	-	\$ -	\$ 2,517,330 (Note 2)	\$ 10,069,319 (Note 5)
		G-Shang	Other receivables	Yes	19,000	-	-	-	2	-	Operating Capital	-	-	-	2,517,330 (Note 2)	10,069,319 (Note 5)
1	Giant China	Giant Kunshan	Loans receivable - related parties	Yes	(RMB 647,280 150,000)	(RMB 647,280 150,000)	(RMB - -)	-	2	-	Operating Capital	-	-	-	1,984,992 (Note 3)	1,984,992 (Note 3)
		Quanzhou YouBike	Loans receivable - related parties	Yes	(RMB 388,368 90,000)	(RMB 388,368 90,000)	(RMB 215,762 50,000)	3.465%- 3.92%	2	-	Operating Capital	-	-	-	1,984,992 (Note 3)	1,984,992 (Note 3)
		Giant Light Metal	Loans receivable - related parties	Yes	(RMB 323,640 75,000)	(RMB - -)	(RMB - -)	-	2	-	Operating Capital	-	-	-	353,453 (Note 3)	1,984,992 (Note 3)
2	Giant Electric Vehicle	Giant Cycling Service	Loans receivable - related parties	Yes	(RMB 10,356 2,400)	(RMB - -)	(RMB - -)	-	2	-	Operating Capital	-	-	-	1,294,560 (Note 3)	1,294,560 (Note 3)
		Giant Kunshan	Loans receivable - related parties	Yes	(RMB 345,216 80,000)	(RMB 345,216 80,000)	(RMB - -)	-	2	-	Operating Capital	-	-	-	1,294,560 (Note 3)	1,294,560 (Note 3)
		Putian Youbike	Loans receivable - related parties	Yes	(RMB 522,139 121,000)	(RMB 522,139 121,000)	(RMB 478,987 111,000)	3.465%- 3.92%	2	-	Operating Capital	-	-	-	1,294,560 (Note 3)	1,294,560 (Note 3)
		Quanzhou Youbike	Loans receivable - related parties	Yes	(RMB 103,565 24,000)	(RMB 103,565 24,000)	(RMB 103,565 24,000)	4%	2	-	Operating Capital	-	-	-	1,294,560 (Note 3)	1,294,560 (Note 3)
3	Giant Jiangsu	Giant Kunshan	Loans receivable - related parties	Yes	(RMB 474,672 110,000)	(RMB 215,760 50,000)	(RMB - -)	-	2	-	Operating Capital	-	-	-	997,780 (Note 3)	997,780 (Note 3)
4	YouBike	Giant	Loans receivable - related parties	Yes	100,000	100,000	100,000	0.5926%- 0.7198%	2	-	Operating Capital	-	-	-	101,372 (Note 3)	405,488 (Note 3)
5	Giant Light Metal	D. Mag	Loans receivable - related parties	Yes	(RMB 302,064 70,000)	(RMB - -)	(RMB - -)	-	2	-	Operating Capital	-	-	-	997,780 (Note 3)	997,780 (Note 3)

Note 1: 1) Giant is numbered 0. 2) Subsidiaries are numbered starting from 1.

Note 2: Up to 10% of the net asset value of Giant.

Note 3: 1) Giant China to Giant Light Metal: Up to 10% of the net asset value of Giant China.
2) Giant China, Giant Electric Vehicle and Giant Holding: Up to RMB 0.46 billion, 0.3 billion and 0.25 billion, respectively.
3) YouBike: Up to 10% of its net asset value for financing limit for each borrower and up to 40% of net assets for aggregate financing limits.
4) The other subsidiaries: Up to USD35,000 thousand.

Note 4: The nature of financing provided could be 1) business relationship, 2) short-term financial assistance.

Note 5: 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.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(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 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 Mexico	2	\$ 12,586,649	\$ 50,778 (MXN 36,000)	\$ - (MXN -)	\$ - (MXN -)	\$ -	-	\$ 12,586,649	Y	N	N
		Giant Electric Vehicle	2	6,293,324	130,752 (JPY 480,000)	- (JPY -)	- (JPY -)	-	-	12,586,649	Y	N	Y
		Giant Hungary Mfg.	2	6,293,324	2,106,391 (EUR 61,000)	2,106,391 (EUR 61,000)	1,809,458 (EUR 52,401)	-	8.37%	12,586,649	Y	N	N
1	Giant Sales	YouBike	4	1,500,000	940,718	940,718	940,718	-	199%	1,500,000	N	N	N
2	Giant China	Giant Holding	4	997,780	4,557 (RMB 1,056)	4,557 (RMB 1,056)	4,557 (RMB 1,056)	-	0.13%	997,780	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 homes 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.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(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, 2020			
				Shares	Carrying Value	Percentage of Ownership	Fair Value (Note 1)
Giant	<u>Share capital</u> Kuei Meng	-	Financial assets at FVTOCI - non-current	10,484	\$ 1,814	-	\$ 1,814

Note 1: For shares with open market, the fair value of the securities held is based on the closing price as of December 31, 2020.

Note 2: Information on investment in subsidiaries and associates, please see Tables 7 and 8.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount (Note)
Giant	Share capital Kuei Meng	Financial assets at FVTOCI - non-current	-	-	1,699,484	\$ 181,845	-	\$ -	1,689,000	\$ 316,194	\$ 175,140	\$ 141,054	10,484	\$ 1,814

Note: Including unrealized valuation gain (loss) in financial assets.

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, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Transaction Details				Abnormal Transaction		Notes and Accounts Receivable (Payable)		Note	
			Purchase or Sale	Amount	% to Total	Collection Terms	Unit Price	Collection Terms	Ending Balance	% to Total		
Giant	Giant USA	Investee of Gaiwin	Sales	\$ (1,915,972)	(7)	T/T 90 days	-	-	\$ 499,118	9		
	Giant Australia	Investee of Gaiwin	Sales	(772,445)	(3)	T/T 30 days	-	-	95,126	2		
	Giant Benelux B.V.	Investee of Giant Europe	Sales	(119,086)	-	T/T 30 days	-	-	46,007	1		
	Giant Europe	Investee of Gaiwin	Sales	(2,557,879)	(9)	T/T 60 days	-	-	455,199	8		
	Giant France	Investee of Giant Europe	Sales	(1,430,958)	(5)	T/T 60 days	-	-	298,527	6		
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(2,921,645)	(10)	T/T 90 days	-	-	721,993	13		
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(330,869)	(1)	T/T 90 days	-	-	146,687	3		
	Giant Japan	Investee of Gaiwin	Sales	(199,191)	(1)	T/T 30 days	-	-	12,527	-		
	Giant Polska	Investee of Giant Europe	Sales	(165,472)	(1)	T/T 60 days	-	-	16,178	-		
	Giant UK	Investee of Giant Europe	Sales	(646,541)	(2)	T/T 60 days	-	-	190,657	4		
	Giant Germany	Investee of Giant Europe	Sales	(2,492,128)	(9)	T/T 60 days	-	-	499,345	9		
	Giant Canada	Investee of Gaiwin	Sales	(500,705)	(2)	T/T 90 days	-	-	75,428	1		
	Giant Italy	Investee of Giant Europe	Sales	(333,640)	(1)	T/T 60 days	-	-	23,410	-		
	Giant Korea	Investee of Gaiwin	Sales	(272,202)	(1)	T/T 30 days	-	-	28,966	1		
	Giant Sales	Investee of Giant	Sales	(774,500)	(3)	T/T 30 days	-	-	40,361	1		
	Giant China	Investee of Growood	Sales	(412,279)	(1)	T/T 90 days	-	-	73,110	1		
	Giant Kunshan	Investee of Giant Holding	Sales	(606,468)	(2)	T/T 90 days	-	-	195,792	4		
	Giant Electric Vehicle	Investee of Growood	Sales	(250,410)	(1)	T/T 90 days	-	-	66,418	1		
	Giant Electric Vehicle	Investee of Growood	Purchase	2,409,590	11	T/T 90 days	-	-	(915,004)	(20)		
	Giant China	Investee of Growood	Purchase	101,657	-	T/T 90 days	-	-	(46,600)	(1)		
	Giant Kunshan	Investee of Giant Holding	Purchase	781,007	4	T/T 90 days	-	-	(276,989)	(6)		
	D. Mag	Investee of Darzins	Purchase	227,542	1	T/T 60 days	-	-	(54,092)	(1)		
	Giant Sales	YouBike	Investee of Giant	Sales	(334,933)	(18)	Net 30 days	-	-	14,827	11	
	Giant China	Giant Europe Mfg.	Investee of Giant Europe	Sales	(116,453)	(1)	O/A 90 days	-	-	50,009	3	
					(RMB 27,299)					RMB 11,589		
		Giant UK	Investee of Giant Europe	Sales	(304,104)	(3)	T/T 90 days	-	-	68,742	4	
					(RMB 71,289)					RMB 15,930		
	Giant Europe	Investee of Gaiwin	Sales	(412,566)	(5)	O/A 60 days	-	-	51,635	3		
				(RMB 96,175)					RMB 11,966			
	Giant Manufacturing Hungary Ltd.	Investee of Giant Europe	Sales	(159,685)	(2)	O/A 90 days	-	-	72,644	4		
				(RMB 37,434)					RMB 16,834			
	D. Mag	Investee of Darzins	Purchase	135,951	2	T/T 90 days	-	-	(69,314)	(5)		
				RMB 31,870					(RMB 16,063)			
Giant Electric Vehicle	Giant Benelux	Investee of Giant Europe	Sales	(250,090)	(4)	T/T 90 days	-	-	35,808	2		
				(RMB 58,627)					RMB 8,298			
	Giant Europe	Investee of Gaiwin	Sales	(276,622)	(4)	T/T 60 days	-	-	103,883	5		
				(RMB 64,847)					RMB 24,074			
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(1,394,314)	(21)	T/T 90 days	-	-	492,720	26		
				(RMB 326,859)					RMB 114,182			
	Giant USA	Investee of Gaiwin	Sales	(329,875)	(5)	T/T 90 days	-	-	84,209	4		
				(RMB 77,330)					RMB 19,515			
	Giant Canada	Investee of Gaiwin	Sales	(203,491)	(3)	T/T 90 days	-	-	25,403	1		
				(RMB 47,703)					RMB 5,887			
	Giant Australia	Investee of Gaiwin	Sales	(159,757)	(2)	T/T 60 days	-	-	60,033	3		
				(RMB 37,451)					RMB 13,912			

(Continued)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Transaction Details				Abnormal Transaction		Notes and Accounts Receivable (Payable)		Note	
			Purchase or Sale	Amount	% to Total	Collection Terms	Unit Price	Collection Terms	Ending Balance	% to Total		
Giant Tianjin	Giant Kunshan	Investee of Giant Holding	Purchase	\$ 634,054 RMB 148,637	20	T/T 60 days	-	-	\$ (192,309) (RMB 44,566)	(20)		
	Giant Kunshan	Investee of Giant Holding	Sales	(153,131) (RMB 35,897)	(4)	T/T 90 days	-	-	70,797 RMB 16,407	28		
	Giant Chengdu	Investee of Merdeka	Sales	(144,447) (RMB 33,862)	(4)	T/T 90 days	-	-	26,740 RMB 6,197	11		
Giant Kunshan	Giant USA	Investee of Gaiwin	Sales	(454,534) (RMB 106,553)	(6)	T/T 60 days	-	-	160,474 RMB 37,188	15		
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(175,413) (RMB 41,121)	(2)	T/T 60 days	-	-	91,760 RMB 21,264	9		
	Giant China	Investee of Growood	Sales	(144,295) (RMB 33,826)	(2)	T/T 60 days	-	-	56,820 RMB 13,167	5		
	Giant Chengdu	Investee of Merdeka	Sales	(513,746) (RMB 120,434)	(7)	T/T 60 days	-	-	9,957 RMB 2,307	1		
	Giant Australia	Investee of Gaiwin	Sales	(339,962) (RMB 79,695)	(5)	T/T 60 days	-	-	24,431 RMB 5,662	2		
	Giant Canada	Investee of Gaiwin	Sales	(217,113) (RMB 50,896)	(3)	T/T 90 days	-	-	39,285 RMB 9,104	4		
	Giant Japan	Investee of Gaiwin	Sales	(625,001) (RMB 146,514)	(9)	T/T 90 days	-	-	71,399 RMB 16,546	7		
	Giant Sales	Investee of Giant	Sales	(267,160) (RMB 62,628)	(4)	T/T 60 days	-	-	38,094 RMB 8,828	4		
	Giant Korea	Investee of Gaiwin	Sales	(165,379) (RMB 38,768)	(2)	T/T 60 days	-	-	2,814 RMB 652	-		
	Giant Light Metal	D. Mag	Investee of Darzins	Purchase	355,627 RMB 83,367	7	T/T 60 days	-	-	(96,557) (RMB 22,376)	(7)	
		D. Mag	Investee of Darzins	Sales	(2,371,544) (RMB 555,944)	(51)	T/T 60 days	-	-	- RMB -	-	
		D. Mag	Investee of Darzins	Purchase	1,305,073 RMB 305,939	32	T/T 30 days	-	-	- RMB -	-	
	Giant Europe	Giant Kunshan	Investee of Giant Holding	Sales	(117,845) (RMB 27,626)	(3)	T/T 60 days	-	-	- RMB -	-	
		Giant Germany	Investee of Giant Europe	Sales	(809,244) (EUR 24,106)	(17)	T/T 60 days	-	-	231 EUR 7	-	
Giant France		Investee of Giant Europe	Sales	(1,677,355) (EUR 49,966)	(35)	T/T 60 days	-	-	342,094 EUR 9,907	60		
Giant Europe Mfg.		Investee of Giant Europe	Purchase	374,545 EUR 11,157	8	T/T 30 days	-	-	(91,633) (EUR 2,654)	(10)		
Giant Benelux		Investee of Giant Europe	Sales	(587,087) (EUR 17,488)	(12)	T/T 60 days	-	-	57,922 EUR 1,677	10		
Giant Italy		Investee of Giant Europe	Sales	(431,135) (EUR 12,843)	(9)	T/T 60 days	-	-	131,157 EUR 3,798	23		
Giant Europe Mfg.	Giant Germany	Investee of Giant Europe	Sales	(374,246) (EUR 11,148)	(5)	T/T 30 days	-	-	346,921 EUR 10,047	26		
	Giant Benelux	Investee of Giant Europe	Sales	(1,054,424) (EUR 31,410)	(13)	T/T 30 days	-	-	229,863 EUR 6,657	17		
	Giant France	Investee of Giant Europe	Sales	(152,472) (EUR 4,542)	(2)	T/T 30 days	-	-	18,222 EUR 528	1		
	Giant UK	Investee of Giant Europe	Sales	(142,660) (EUR 4,250)	(2)	T/T 35 days	-	-	93,691 EUR 2,713	7		

(Concluded)

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, 2020
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Financial Statement Account & Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Action Taken			
Giant	Giant USA	Investee of Gaiwin	Accounts receivable - related parties	\$ 499,118	3	\$ -	-	\$ 324,515	\$ -
			Other receivables - related parties	1,761	-	-	-	425	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	455,199	5	-	-	447,633	-
			Other receivables - related parties	10	-	-	-	10	-
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	721,993	4	-	-	450,612	-
			Other receivables - related parties	373,446	-	-	-	373,446	-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties	298,527	5	-	-	293,602	-
	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties	499,345	8	-	-	492,876	-
	Giant Kunshan	Investee of Giant Holding	Accounts receivable - related parties	195,792	4	-	-	79,520	-
			Other receivables - related parties	17,697	-	-	-	1,102	-
	Giant UK	Investee of Giant Europe	Accounts receivable - related parties	190,657	3	-	-	59,859	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	146,687	5	-	-	99,279	-
			Other receivables - related parties	7,694	-	-	-	6,446	-
	YouBike	Giant	Parent company	Loans receivable - related parties	100,000	-	-	-	-
Giant China	Quanzhou YouBike	Investee of Giant Kunshan	Loans receivable - related parties	215,760	-	-	-	-	
Giant Electric Vehicle	Giant	Parent company	Accounts receivable - related parties	915,004	3	-	-	664,213	-
			Other receivables - related parties	925	-	-	-	-	-
	Putian YouBike	Investee of Giant Kunshan	Loans receivable - related parties	478,987	-	-	-	211,444	-
	Quanzhou YouBike	Investee of Giant Kunshan	Loans receivable - related parties	103,565	-	-	-	103,565	-
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	492,720	4	-	-	242,649	-
			Other receivables - related parties	613	-	-	-	-	-
	Giant Kunshan	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	103,883	3	-	-	71,753
Giant		Parent company	Accounts receivable - related parties	276,989	3	-	-	172,382	-
			Other receivables - related parties	7,160	-	-	-	-	-
Giant USA		Investee of Gaiwin	Accounts receivable - related parties	160,474	4	-	-	152,684	-
Other receivables - related parties		16	-	-	-	-	-	-	
Giant Tianjin	Investee of Growood	Accounts receivable - related parties	192,309	4	-	-	33,523	-	
		Other receivables - related parties	457	-	-	-	-	-	
Giant Europe	Giant France	Investee of Giant Europe	Accounts receivable - related parties	342,094	5	-	-	342,094	-
			Other receivables - related parties	243,255	-	-	-	243,255	-
	Giant Germany	Investee of Giant Europe	Other receivables - related parties	786,103	-	-	-	786,103	-
	Giant Italy	Investee of Giant Europe	Accounts receivable - related parties	131,157	2	-	-	-	-
Other receivables - related parties			338,088	-	-	-	327,700	-	
Giant Europe Mfg.	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties	346,921	2	-	-	346,921	-
	Giant Benelux	Investee of Giant Europe	Accounts receivable - related parties	229,863	7	-	-	229,863	-
			Other receivables - related parties	33	-	-	-	-	-

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
Giant	Growood	Singapore	Overseas reinvested holding company	USD 18,063	USD 18,063	26,619,300	100	\$ 5,478,745	\$ 1,393,709	\$ 1,339,700	Subsidiary
	Gaiwin	Lelystad, Netherlands	Overseas reinvested holding company	USD 7,243	USD 7,243	502,661	100	9,396,289	1,411,141	1,414,678	Subsidiary
	Darzins	British Virgin Islands	Overseas reinvested holding company	USD 14,889	USD 13,000	14,888,928	100	2,710,755	454,748	457,989	Subsidiary
	Merdeka	British Virgin Islands	Overseas reinvested holding company	USD 6,000	USD 6,000	6,000,003	100	181,681	60,045	59,722	Subsidiary
	Giant Sales	Taichung	Sale of bicycles and related products and bicycle rental	\$ 140,000	\$ 140,000	14,000,000	100	425,051	219,588	219,588	Subsidiary
	YouBike	Taichung	Public bicycle rental	800,000	800,000	84,800,000	100	1,013,721	123,282	123,282	Subsidiary
	G-Shang	Taichung	Manufacturing and sale of metal container and other metal products	-	35,000	-	-	-	12,962	9,073	Subsidiary (Note 3)
	AIPS	Taichung	Manufacturing and sale of sports goods	500,000	-	50,000,000	100	499,841	(159)	(159)	Subsidiary
	Giant Mexico	Cuernavaca, Mexico	Sale of bicycles and related products	USD 1	USD 1	-	1	981	451	451	Indirectly owned subsidiary
	Microprogram	Taichung	Hardware and Software research of computer and sale of related products	244,352	244,352	8,886,000	28	220,442	(38,103)	(10,562)	Investments accounted for using the equity method
Giant Sales	Giant Adventure	Taichung	Undertake domestic and international tourism trade business	10,000	10,000	1,000,000	100	47,110	20,077	(Note 1)	Indirectly owned subsidiary
Gaiwin	Giant Europe	Lelystad, Netherlands	Overseas reinvested holding company and sale of bicycles and related products	EUR 15,681	EUR 15,681	1,200	100	EUR 143,848	EUR 10,071	(Note 1)	Indirectly owned subsidiary
	Giant USA	California, USA	Sale of bicycles and related products	USD 47,618	USD 47,618	200,000	100	EUR 46,791	EUR 14,241	(Note 1)	Indirectly owned subsidiary
	Giant Japan	Kawasaki, Japan	Sale of bicycles and related products	JPY 200,000	JPY 200,000	4,000	100	EUR 13,947	EUR 4,341	(Note 1)	Indirectly owned subsidiary
	Giant Australia	Victoria, Australia	Sale of bicycles and related products	AUD 500	AUD 500	500,000	100	EUR 34,691	EUR 6,826	(Note 1)	Indirectly owned subsidiary
	Giant Canada	Vancouver, Canada	Sale of bicycles and related products	CAD 1,052	CAD 1,052	1,051,987	100	EUR 14,279	EUR 4,043	(Note 1)	Indirectly owned subsidiary
	Giant Korea	Seoul, South Korea	Sale of bicycles and related products	KRW 734,000	KRW 734,000	146,800	100	EUR 4,065	EUR 1,414	(Note 1)	Indirectly owned subsidiary
	Giant Mexico	Cuernavaca, Mexico	Sale of bicycles and related products	USD 3,457	USD 2,162	-	99	EUR 2,813	EUR 1,330	(Note 1)	Indirectly owned subsidiary
	Giant Germany	Erkrath, Germany	Sale of bicycles and related products	EUR 470	EUR 470	256	100	EUR 10,894	EUR 2,600	(Note 1)	Indirectly owned subsidiary
	Giant France	Aix en Provence, France	Sale of bicycles and related products	EUR 1,200	EUR 1,200	1,200	100	EUR 9,991	EUR 3,330	(Note 1)	Indirectly owned subsidiary
	Giant UK	Leicester, United Kingdom	Sale of bicycles and related products	GBP 200	GBP 200	261	100	EUR 14,466	EUR 2,019	(Note 1)	Indirectly owned subsidiary
Giant Europe	Giant Europe Mfg.	Lelystad, Netherlands	Manufacture and sale of bicycles	EUR 227	EUR 227	227	100	EUR 55,658	EUR 1,486	(Note 1)	Indirectly owned subsidiary
	Giant Polska	Warsaw, Poland	Sale of bicycles and related products	PLN 120	PLN 120	42	100	EUR 7,098	EUR 485	(Note 1)	Indirectly owned subsidiary
	Giant Benelux	Lelystad, Netherlands	Sale of bicycles and related products	EUR 230	EUR 230	230	100	EUR 13,100	EUR 2,637	(Note 1)	Indirectly owned subsidiary
	Giant Italy	Gallarate, Italy	Sale of bicycles and related products	EUR 200	EUR 200	200	100	EUR 1,449	EUR 625	(Note 1)	Indirectly owned subsidiary
D. Mag	Giant Hungary Mfg.	Gyongyos, Hungary	Manufacture and sale of bicycles	EUR 15,000	EUR 15,000	-	100	EUR 10,276	EUR (4,129)	(Note 1)	Indirectly owned subsidiary
	Golden Rich	Hong Kong	International trade	USD 100	USD 100	100,000	100	RMB 1,266	RMB 3,009	(Note 1)	Indirectly owned subsidiary
	Light Metal Malaysia	Malaysia	Sale of medium and high-end aluminum wheel hub products	MYR 421	-	-	100	RMB (1)	RMB (692)	(Note 1)	Indirectly owned subsidiary

Note 1: Not applicable.

Note 2: Information on investments in mainland China, please see Table 8.

Note 3: The Company disposed G-Shang in September 2020.

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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 Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Value as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
Giant China	Manufacture and sale of bicycles and parts	RMB 273,040 (USD 37,500)	(Note 1)	\$ 489,599	\$ -	\$ -	\$ 489,599	\$ 513,708	100%	\$ 501,001	\$ 3,482,857	\$ 8,716,800
Giant Electric Vehicle	Manufacture and sale of electric vehicle	RMB 40,465 (USD 5,000)	(Note 1)	(Note 3)	-	-	(Note 3)	619,923	100%	579,852	1,629,796	1,853,107
Giant Light Metal	Manufacture and sale of alloy materials, semi-solid aluminum, and superplastic aluminum	RMB 360,000	(Note 1)	(Notes 4, 10 and 13)	54,370	-	(Notes 4, 10 and 13)	286,833	-	171,441	-	786,817
Giant Chengdu	Sale of bicycles and parts	RMB 49,663 (USD 6,000)	(Note 1)	199,182	-	-	199,182	57,877	100%	57,553	180,847	108,998
Giant Tianjin	Manufacture and sale of bicycles and parts	RMB 89,614 (USD 12,000)	(Note 1)	(Note 3)	-	-	(Note 3)	199,338	100%	198,108	640,815	789,189
Giant Holding	Overseas reinvested holding company	RMB 577,569 (USD 88,500)	(Note 2)	2,681,933	-	-	2,681,933	462,936	100%	417,958	3,297,046	512,400
Giant Kunshan	Manufacture and sale of bicycles and parts	RMB 236,288 (USD 35,000)	(Note 6)	(Note 6)	-	-	(Note 6)	405,842	100%	360,864	1,553,590	-
Giant Cycling Service	Lease of bicycle and promotion of outdoor activities	RMB 6,595 (USD 1,000)	(Note 6)	(Note 6)	-	-	(Note 6)	(929)	100%	(929)	3,849	-
Jiangsu Giant	Undertake China tourism business	RMB 5,000	(Note 7)	(Note 7)	-	-	(Note 7)	(4,074)	100%	(4,074)	6,092	-
Quanzhou YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(Note 8)	(23,089)	100%	(23,089)	136,987	-
D. Mag	Manufacture and sale of new aluminum alloy products	RMB 226,489	(Note 11)	(Note 11)	-	-	(Notes 11 and 13)	267,635	60.39%	143,045	2,718,909	-
Giant Jiangsu	Manufacture and sale of bicycles and parts	RMB 331,779 (USD 52,500)	(Note 6)	(Note 6)	-	-	(Note 6)	38,635	100%	38,635	1,555,895	-
Light Metal Haian	Manufacture and sale of alloy materials, semi-solid aluminum, and superplastic aluminum	RMB 50,000	(Note 12)	(Note 12)	-	-	(Note 12)	(8,154)	60.39%	(4,925)	124,760	-
Putian YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(Note 8)	(8,521)	100%	(8,521)	209,449	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	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: Investee of Darzins.

Note 5: The investment income 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 "Regulations for Screening of Application to Engage in Technical Cooperation in 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 had acquired the IDB approval of the Company's establishment of an operating headquarter in Taiwan.

Note 10: Chuansin Kunshan had been merged with Giant Light Metal in December 2011. Accumulated investment amount of Chuansin Kunshan was \$221,555 thousand.

Note 11: Investee of Giant Light Metal by issuing capital.

Note 12: Investee of Giant Light Metal.

Note 13: Giant Light Metal merged with D. Mag in November 2020. After merger, D. Mag was the surviving entity.

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, 2020
(In Thousands of New Taiwan Dollars)

Counterparty	Nature of Relationship	Purchase/Sale	Amount	Trade Condition			Notes/Accounts Receivable (Payable)		Unrealized Gain
				Prices	Payment Terms	Abnormal Transaction	Ending Balance	% to Total	
Giant China	Investee of Growood	Sales	\$ 412,279	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	\$ 73,110	1	\$ 678
		Purchase	101,657	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(46,600)	(1)	5,487
D. Mag	Investee of Darzins	Purchase	227,542	Depending on specific diversity of products and related market trends	T/T 60 days	No material difference	(54,092)	(1)	10,737
Giant Electric Vehicle	Investee of Growood	Purchase	2,409,590	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(915,004)	(20)	65,139
		Sales	250,410	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	66,418	1	-
Giant Kunshan	Investee of Giant Holding	Purchase	781,007	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(276,989)	(6)	15,363
		Sales	606,468	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	195,792	4	2,648

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