
2021

Giant Manufacturing Co. Ltd.

ANNUAL REPORT



TWSE: 9921

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

Publish March 30, 2022

 **GIANT**
GROUP

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1. Name, designation, contact number, and e-mail of spokesperson and acting spokesperson:

Name of spokesperson: Ken Li
Designation: Global Public Relations and Head of Marketing, Greater China Region
TEL: 886-4-2460-9099 ext 1175
E-mail: kenli@giant.com.tw
Name of acting spokesperson: Irene Chen
Designation: PR Officer
TEL: 886-4-2460-9099 ext 1207
E-mail: irenechen@giant.com.tw

2. Address and contact number of the headquarters, branches and factory sites:

Headquarter: No. 999, Sec. 1, Dongda Rd., Xitun Dist., Taichung City 40763
TEL: 886-4-2460-9099 FAX: (04)2462-7368

Dajia Branch: No. 19, Shunfan Road, Dajia District, Taichung City
TEL: 886-4-2681-4771 FAX: (04)2681-0280

Youth Branch: No. 3-5, You 5th Rd., Dajia District, Taichung City
TEL: 886-4-2681-8800 FAX: (04)2681-7000

3. Name, address, website, and contact number of share administration agency:

Name: Grand Fortune Securities Co., Ltd.
Address: 6F, No. 6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City
Website: <http://www.gfortune.com.tw>
TEL: (02)2371-1658

4. Name of CPA and name, address, website and contact number of the accounting firm for the latest financial report:

Name of CPA: Su,Ting-Chien ; Wu,Lie-Dong
Name of accounting firm: Deloitte & Touche, Taiwan
Address: No. 88-22, Sec. 1, Huizhong Rd., Xitun Dist., Taichung City 407
Website: <http://www.deloitte.com.tw>
TEL: (04)3705-9988

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

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



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One. Letter to Shareholders

1. Letter to Shareholders

(1) 2021 Business Report

Business Report

The demand of cycling industry remained robust in 2021 and bikes were in short supply. Giant Group enjoyed significant growth in revenue and profits at European, U.S. and China markets and achieved yet another record high in terms of revenue and net income, delivering an outstanding performance with consolidated revenue of NT\$81.84 billion and an EPS of NT\$15.81 in 2021. Our persistent overachievement was supported by the crucial fact that we managed to maintain our capacity utilization at a certain level amid challenges of shortages in materials, shipping containers and labor, thereby becoming one of the few brands that can provide stable supply. Besides superior supply, we took the opportunity to accelerate our reforms in distribution channels by strengthening both online and offline sales channels, and raised the selling price to improve the profitability of brand products. With joint efforts of the entire Group as well as flexible and preemptive measures, we managed to achieve the impressive results.

2022 is the Giant Group's 50th anniversary. Our solid manufacturing base laid the foundation for our position in the cycling industry when we built brands and developed markets in the past. For the future, despite unabated challenges in operation, we will continue to innovate and develop trendy products, carry on with industry 4.0 to enhance manufacturing quality and efficiency, constantly interact with customers to transform from product provider to service provider and satisfy the demand from the new generation of consumers, as well as allocate more resources on environment, social, governance (ESG). With preparation for the next 50 years from various aspects, the Giant Group can achieve sustainable operations and stable growth.

Financial Performance

The Giant Group generated consolidated revenue of NT\$81.84 billion in 2021, up 16.9% and rewriting the Group history. In addition to rapid growth of E-bike which continue to drive revenue and profit growth in the European sector, the U.S. market started to catch up on the E-bike frenzy while the demand of conventional bikes for outdoor sports remained undiminished, making enormous contributions to the revenue growth of the Group. Mid-range and high-end demand sustained the growth in China market, which continued to achieve strong performance. Besides impressive revenue, profitability continued to improve. Gross margin climbed to 24.1% in 2021 as operating margin reached a new high of 11%. Boosted by soaring revenue and gross margin, the consolidated income before income tax came to NT\$8.73 billion, a year-over-year growth of 27.7%. Net income attributable to shareholders of the parent was NT\$5.93 billion, up 19.8% compared to 2020. The parent company only sales revenue was NT\$34.87 billion with income before income tax of NT\$7.04 billion in 2021. Net income amounted to NT\$5.93 billion and the earnings per share was NT\$15.81.

Technology Development

In line with the 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, Internet of Bike (IoB) and related fields. We initiate cycling trends with innovations as well as enhance the overall product value.

The high-end component brand of CADEX is a demonstration of the Group's strong R&D strength and technical skills. Combining years of efforts from engineers, biomechanics specialists and members of first-class professional cycling teams, we roll out CADEX 36, a brand-new lightweight carbon wheelset; CADEX RACE, a superlight carbon handlebar for on-road bike; and CADEX AR, the handlebar for all-road riding. Through the application of cutting-edge technologies, we manage to deliver superlight and ultra-strong products with high tensile strength, allowing us to tap into the high-end component market and gain momentum for revenue and profit growth.

Information flows allow the general public to gradually understand the know-how of scientific training. Engineers of Giant and sponsored athletes have collaborated to develop the spider-based power meter – Power Halo. Countless tests and verifications are carried out to ensure excellent accuracy and stability. The product is successfully launched with premium models of Giant and Liv to enhance the competitiveness of these models in the high-end market and at the same time, allow more riders to enjoy the advantage of training with a power meter.

Brand Development and Marketing

The Giant Group has always adopted the strategy of multi-brands to strengthen and satisfy the expectations of different consumer groups in cycling. Being the group brand, the Giant Group aims to build a strong brand portfolio. It coordinates Group resources and dynamically manage the four major brands: Giant, Liv, Momentum and CADEX, ensuring each brand retains their exclusive features and product differentiation, bringing into full play the synergy of multi-brand management from a macro perspective. This year, we carry out in-depth study on consumer journey, gaining insights into different touchpoints between consumers and brand to build a unique brand experience for consumers. In the 2021 Top 20 Taiwan Global Brand Survey, Giant Group's ranking has risen to the fourth place with a brand value of US\$670 million and remained the No. 1 cycling brand.

In sports marketing and sponsorship, triathletes sponsored by the Group gave impressive performance in 2021, including the Men's Gold Medal at Olympic Games Tokyo 2020, Women's Gold Medal at Paralympic Games Tokyo 2020, Ironman 70.3 world champion, No. 1 ranking in the Professional Triathletes Organization as well as Men's Championship in the World Triathlon Championship Series. As for mountain bikers, they won Olympic Bronze in Women's cross-country mountain bike race. All of which brought enormous marketing and exposure benefits to the Group brands and enhanced brand images. In terms of road cycling team, our partnership with Team BikeExchange-Jayco, a men and women's tier-one cycling team, commences in 2022. Our brands and related products will enjoy more exposures at the world's top road cycling events, further promoting our brand images.

Corporate Development and Future Prospects

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

In the ever-changing environment, we will strengthen the fundamentals of the Company and enhance operational resilience to be ready for the future. On the manufacturing and supply end, we will improve the competitiveness of the two European factories and the logistic center to effectively digest the inventories. Factories will keep on adopting automated production to boost production efficiency and build the competence for highly efficient and quality supply. In line with our ESG strategies, we will set up carbon inventory practices at each Group site in the Greater China Region to vigorously drive energy saving and emission reduction plans, and invite our suppliers to start eco-actions with carbon inventory of products for sustainable developments of the industry. For brands sales, digital retail school as well as regional sales and service centers will be established to pair up with E-comm, Giant ID and digital marketing, aiming to provide comprehensive consumer service and experience and achieve the long-term goals of communicating with consumers and building a cycling ecology.

(2) Overview of 2022 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 proprietary brands: Giant, Liv and Momentum, plus our high-end carbon-composite components under the brand of CADEX for worldwide distribution. With the focus of research and development on one and only products, we forge innovative environment to identify new growth momentum. By integrating with high-performance matrix organization, we can build up resilience for the Group to grow sustainably.

Manufacturing Strategy

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

Confronted by persistent issues of material and labor shortage, surging transportation costs and logistics as well as the escalating costs due to inflation in 2022, we will be more cautious in handling operational risks and closely monitor changes in market demand. We will step up on digesting the high levels of component stocks due to material mismatch by leveraging Group advantages and transfer components within Group entities. We will utilize information system to strengthen the competitiveness of two European factories and accelerate the production plan of Vietnam factory for its favorable tariff terms to improve the Group profitability. Carbon inventory and eco-strategies will further complete our global supply arrangements, improve the flexibility and efficiency of operation and lead the Group towards sustainability, thereby becoming a ESG model brand to consumers.

Marketing and Sales Strategies

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

With consumers being our focus, we better consumer experience and integrate online and offline channels. Consumer feedback concerning brands are gathered promptly to understand and monitor the market constantly. To improve our service level, we proactively introduce online sales platform and customer service system to offer consumers comprehensive and warm services.

Research and Development (R&D) Strategies

With Taiwan Headquarters as the technology center, the Giant Group integrates R&D resources in Europe, U.S. and China and learns of consumers' preferences to create popular products. The R&D center and aesthetic design attend to the functionality and materials of products, R&D of engineering technology as well as 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. AIPS Technology, our subsidiary, strengthens the applications and production of innovative smart products and extends product applications to indoor cycling. Giant also taps into the IoT segment and develops IoB. E-bike can therefore not only be connected to hardware including SyncDrive motors, EnergyPak battery systems, RideControl control units and screens, but also 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.

Macroeconomic Environment and Market Development Status

Intensified changes in the political and economic environment worldwide, global economic consequences of Russia-Ukraine war, consumer behaviors under inflation and interest rate hikes, slowed down demand for commuter as well as mid and low-end conventional bikes after two years of rapid growth, and rising supplies inventories due to supply chain disruptions are posing challenges to future operations. We will be vigilant in handling operational risks and closely monitor changes in market demand.

Uncertainties in the macro environment and market may affect our operation in the short-run. However, bikes and e-bikes are beneficial to daily life, urban development and sustainability of the planet as evidenced by the continuous improvements on infrastructures and increasing subsidies in European countries during COVID-19 to encourage the use of bikes as tools of transportation and outdoor sports. We believe cycling still has immense potential.

Advantages of Cycling Industry

Cycling is a part of daily life as it can be associated with commutes, recreation and professional sports. It is an industry with the concepts of ESG, eco-friendliness and health. Countries around the world perceive bikes as the solution for short-distance travelling and a connection between public transportation. More than 960 cities including Paris in France and New York City in the U.S. have commenced the construction of public bike systems for short-distance commute. 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 500 million rides in Taiwan alone, contributing to environmental protection by cutting around 84 million kilograms of carbon dioxide emissions in 2021. We will lead by example and push forward the transformation and upgrade of cycling industry in Taiwan. Action plans include to implement energy saving and emission reduction schemes in line with ESG strategies, urge suppliers to join us in carbon inventory as the starting point for environmental protection and the sustainable developments of the industry, establish E-components integration benchmark, and leverage the existing advantages of information and communication technology industry to accelerate the creation of a cycling ecology with AIoT products. All of which are important tasks for industry developments in Taiwan during the next few years.













Two. Company Overview

1. Company profile

(1) Date of establishment:

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

(2) The Company History

<p>1972 Establishment of GIANT MFG</p> 	<p>1987 Mass production of carbon bikes</p> 	<p>1994 Listed in TWSE Code: 9921</p> 
<p>1981 Creation of GIANT Brand</p> 	<p>1993 Founded GIANT (China) Co. Ltd.</p> 	<p>1996</p> <ul style="list-style-type: none"> GIANT MFG received ISO9001 Giant Europe Manufacturing B.V. founded 
<p>1997 The world's first Compact Road frame is introduced and ridden by the ONCE ProTour team.</p> 	<p>2002 Sponsored ONCE won 2002 Le Tour de France in the team category.</p> 	
<p>2000</p> <ul style="list-style-type: none"> Founded Giant Light Metal Technology Co., Ltd. for extruded aluminum products. Founded C-Tech* to for carbon fiber 		<p>2004</p> <ul style="list-style-type: none"> Founded Giant (Chengdu) Co., Ltd. Giant-sponsored team - T-Mobile won 2004 Le Tour de France in the team category. 

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

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

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.

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

2012
YouBike operates in Taipei

2014
Official launch of female brand Liv

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

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

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

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

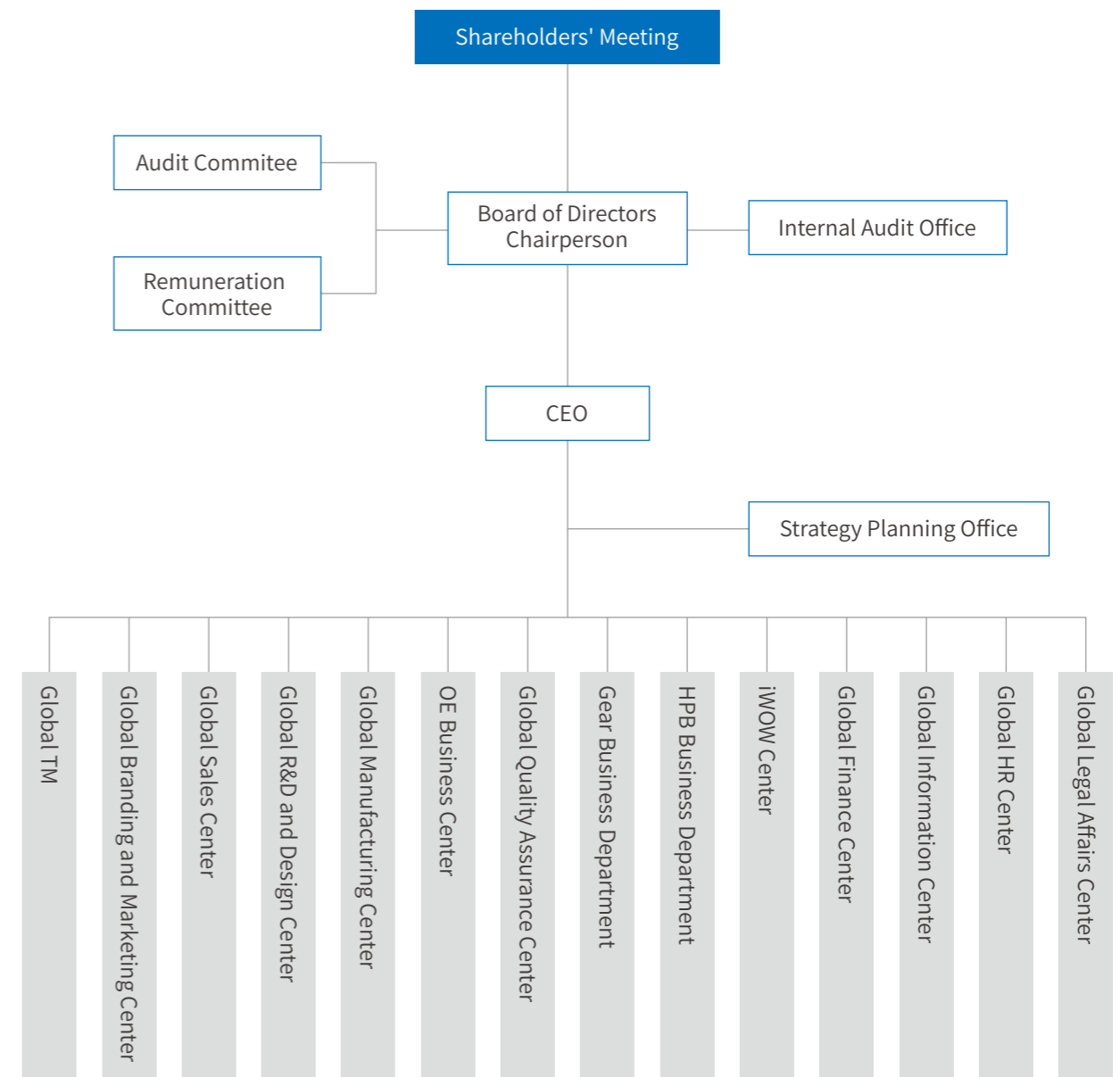
2020
• Cycling culture museum open in Taichung
• Headquarter received EEWH from Taiwan government for Sustainable Building
• AIPS Technology Co., Ltd. founded

2021
• The distribution center at Dajia Youth Industrial Park officially opened
• No. 4 of top 25 Best Taiwan Global Brands

Three. Corporate Governance Report

1. Organization

(1) Organization chart of Giant Group headquarters



(2) Responsibilities of main departments

Main departments	Main duties
Internal Audit Office	Implementation and evaluation of internal audit and internal control systems; establishment and execution of annual audit plans for the group and subsidiaries; conducts activities specified by Securities and Futures Institute.
Strategy Planning Office	Responsible for medium/long-term strategy planning and establishment of global policies and guidelines. Reviews and tracks goals and performance indicators of various business units. ESG office and task force are established to set annual targets for all aspects for sustainability and to regularly PDCA.
Global Legal Affairs Center	Application and protection of trademarks and patents; planning and execution of product liability insurance and litigation; resolution of legal disputes and litigations.
Global HR Center	Planning, guidance and execution of the group's organization structure and human resource policy. Shaping and promotion of corporate culture; sourcing of suitable talents to support the organization's future growth and development. 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.

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



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

(1) Background of directors

March 30, 2022

Title (Note 1)	Nation-ality or place of registr-ation	Name	Gender	Date first elected (Note 2)	Date elected	Term	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements (Note 3)	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks (note4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairperson	Taiwan	THO, TU HSIU-CHEN (Bonnie Tu)	Female	1972.07.30	2021.07.08	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 Kinabalu Holding Company- Chairperson	Director	THO, TZU CHIEN Kinabalu Holding Company	Mother and son Chairman	None
Director	Taiwan	LIU, YUON-CHAN (Young Liu)	Male	1997.07.30	2021.07.08	3 years	13,297,162	3.55	13,297,162	3.55	-	-	-	-	MBA, Roosevelt University The Company - COO GIANT (China) Co. Ltd. - CEO	The Company - CEO Giant Group Greater China Region- President Giant Investment Co., Ltd. - GM D. Mag Technology Company - Director AIPS Technology Co., Ltd.- Chairperson	Director	LIU, CHIN- PIAO (King Liu)	Father and son	None
Director	Taiwan	Kinabalu Holding Company		2021.07.08	2021.07.08	3 years	17,600,000	4.69	17,600,000	4.69	-	-	-	-	-	-	-	-	-	-
Director	Malaysia	Kinabalu Holding Company representative, THO , TZU SING	Male						3,302,894	0.88					Bachelor of Arts from Columbia College Chicago	Yuan Hsin Investment - Director H Plus Son- founder	Chairperson	THO, TU HSIU-CHEN (Bonnie Tu)	Mother and son	None
Director	Taiwan	LIU, CHIN-PIAO (King Liu)	Male	1972.07.30	2021.07.08	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 - Managing Director	The Company - founder Huei De Company - Chairman YouBike - Chairman Cycling Life-Style Foundation - Chairman	Director Director	LIU, YUON- CHAN (Young Liu) YANG, HUAI- CHING	Father and son Son in Law	None
Director	Taiwan	THO, TZU CHIEN	Male	2021.07.08	2021.07.08	3 years	3,302,895	0.88	3,302,895	0.88					University of Georgia, Ph.D Philosophy University of Milan Researcher	University of Bristol Lecturer	Director	THO, TU HSIU-CHEN (Bonnie Tu)	Mother and son	None
Director	Taiwan	CHIU,TA-PENG	Male	1997.07.30	2021.07.08	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	2021.07.08	3 years	4,749,764	1.27	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

Title (Note 1)	Nation-ality or place of registr-ation	Name	Gender	Date first elected (Note 2)	Date elected	Term	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements (Note 3)	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks (note4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	Taiwan	CHIU, TA-WEI	Male	2018.06.22	2021.07.08	3 years	1,033,772	0.28	1,033,772	0.28	83,489	0.02	-	-	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	HO, CHUN-SHENG	Male	2021.07.08	2021.07.08	3 years	-	-	-	-	-	-	-	-	Tatung University School of Department of Electrical Engineering ADVANTECH CO., LTD. Global General Manager / General Manager of China	ADVANTECH CO., LTD./ Director	-	-	-	None
Independent Director	Taiwan	CHEN, HONG-SO (Hilo Chen)	Male	2015.06.25	2021.07.08	3 years	-	-	-	-	-	-	-	-	EMBA, National Taiwan University E-life Mall Co., Ltd- Director GGA Co., Ltd., Sercomm Co., Ltd., Spirox. Co., Ltd. - Independent Director	OneAD - Founder and Chairman China Chemical & Pharmaceutical Co., Ltd., YAGEO Co., Ltd., Momo.com Inc.- Independent Director	-	-	-	None
Independent Director	Taiwan	LO, JUI-LIN	Male	2018.06.22	2021.07.08	3 years	-	-	-	-	-	-	-	-	Chung Yuan Christian University School of Department of Accounting Deloitte & Touche - Partner CPA	Cheng-Hsu accountancy firms - Managing CPA Taiean Paiho Co., Ltd., WFE Co., Ltd. - Independent Director	-	-	-	None

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

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

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

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

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



Core competence of directors

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

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

* There are 2 directors (18%) who are also employees of the Company, three independent directors (27%), one female director (9%), 1 corporate director (9%), and 2 directors with foreign nationality (18%). As for the age distribution of the Board, 2 directors are above 70 years old, while 5 of them are between 60 to 70 years old and 4 directors are under 60 years old.

* Thus, the Board members are diverse in terms of gender, age, nationality and independence. They are from different industries with professional backgrounds in academia and finance. There are directors of Taiwan and other foreign nationalities across different age group and business experience. There is also one female director.

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

Major shareholders of corporate shareholders

As of March 30, 2022

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

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

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

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

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

Professional qualifications of directors and independence status of independent directors:

Name	Criteria	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 1, Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
LIU, YUON-CHAN (Young Liu)		Once served as the COO of the Group (and president of the China region), he has experience in product planning, brand marketing and channel establishment. Being the pioneer to set up factories and manage our market in China, he led a team to explore new territory and lay the foundation. He is now a director of Taiwan Bicycle Association and Cycling Life-Style Foundation, contributing to the cycling industry developments in Taiwan. He won the National Outstanding CEO Award in 2019.	Meet (5), (6), (7), (8), (9), (11), (12)	-
Corporate Representative of Kinabalu Holding Company - THO, TZU-SING		Once a founder of a wheelset brand company and a director of other investment companies, he has expertise in operation management.	Meet (1), (2), (5), (6), (7), (8), (9), (11)	-
LIU, CHIN-PIAO (King Liu)		Once the founding director of Taiwan Bicycle Association, he established the Giant Manufacturing Co., Ltd. in 1972. With endless contributions to the cycling industry in Taiwan, his commitment to develop a proprietary brand brings Taiwan to the world stage. He is also devoted to having the world embracing the cycling culture. Among the numerous honors received, there were the “Special Contribution for the Promotion of Taiwan’s International Brand” from the Ministry of Economic Affairs in 2004, “People of the Year” by Bicycle Retailer & Industry News in 2009 and the 9th National Distinguished Accomplishment Award in 2015.	Meet (1), (5), (6), (7), (8), (9), (11), (12)	-

Name	Criteria Professional Qualifications and Experiences (Note 1)	Independence Status (Note 1, Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
CHIU, TA-PENG	He was once the head of product technology division and director of general affairs department. He has 17 years of experience in internal audit, specializing in internal management. After 40 years in the cycling industry, he has vast industry experience. He is not a person of any conditions defined in Article 30 of the Company Act.	Meet (1), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	-
YANG, HUAI-CHING	Graduated from Kaohsiung Medical University, he once served as a director in a biotechnology company with expertise in operation management. He is not a person of any conditions defined in Article 30 of the Company Act.	Meet (1), (2), (3), (5), (6), (7), (8), (9), (11), (12)	-
CHIU, TA-WEI	Once served as a technician in a pharmaceutical company and a director in other investment companies, he has expertise in operation management. He is not a person of any conditions defined in Article 30 of the Company Act.	Meet (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	-
THO, TZU-CHIEN	He has studied philosophy in the U.S., Italy and Germany with a Doctor of Philosophy degree and has global market perspectives. He is currently a lecturer at University of Bristol in England with global perspective and leadership experience. He is not a person of any conditions defined in Article 30 of the Company Act.	Meet (1), (2), (3), (5), (6), (7), (8), (9), (11), (12)	-
CHEN, HONG-SO (Hilo Chen) (Independent Director)	Once the president, COO or CTO in Systex, Yahoo, Kimo, IBM, Microsoft, Motorola, Oracle and Novell, his expertise lies in IT industry. He is currently the chairperson of his own company and has comprehensive experience in management, operation and crisis management. He is not a person of any conditions defined in Article 30 of the Company Act.	Meet (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	3
LO, JUI-LIN (Independent Director)	With 18 years of experience as a CPA, he has engaged with numerous industries and his expertise lies in finance and accounting. He has comprehensive experience in management, operation and financial management. He is not a person of any conditions defined in Article 30 of the Company Act.	Meet (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	2
HO, CHUN-SHENG (Independent Director)	Being an expert in the IPC industry for more than 20 years, his experience ranges from operation, sales, distribution, brand development to becoming the world's number one brand and in charge of global marketing as well as brand and operation management. He has comprehensive experience in management, operation and crisis management.	Meet (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	0

2. Board diversity and independence status:

- (1) Board diversity: Describe the Board's diversity policy, goal and the level of achievement. The diversity policy includes but not limited to the selection standards of directors, and the Board composition by professional qualifications, experience, gender, age, nationality and culture or their weightings. Also, a description on specific goals associated with the aforementioned policy as well as the level of achievement is required.
- (2) Independence status of the Board: Describe the number of independent directors and their weightings as well as the independence of the Board. State whether circumstances set out in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act exist along with reasons, including whether there is spousal relationship or second-degree kinship between directors or supervisors or between directors and supervisors.

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

- (1) Not an employee of the Company or any of its affiliates;
- (2) Not a director or supervisor of the Company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3;
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act;
- (6) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent)
- (7) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company;
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company;
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000";
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company;
- (11) Not a person with any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

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



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

March 30, 2022

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	-	-	-	-
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,Germany, Hungary and Italy- 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	Giant Electric Vehicle (Kunshan) Co., Ltd.-Director	-	-	-	-

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

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

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

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

(1) Directors' remuneration

Unit: NTD thousands

Title	Name (Note)	Directors' remuneration								Compensation as company employee								The sum of A, B, C, D, E, F, and G as a percentage of net income (Note 10)	Compensation from investments other than subsidiaries (Note 11)			
		Compensation (A) (Note 2)		Pension (B) (Note 2)		Director remuneration (C) (Note 3)		Fees for services rendered (D) (Note 4)		The sum of A, B, C, and D as a percentage of net income (Note 10)		Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)			The Company	All companies included in consolidated statements (Note 7)	The Company
Chairperson	THO, TU HSIU-CHEN (Bonnie Tu)	3,600	3,600	0	0	31,005	31,005	50	50	34,655 0.58%	34,655 0.58%	5,743	5,743	0	0	29,157	0	29,157	0	69,555 1.17%	69,555 1.17%	0
Director	LIU, YUON-CHAN (Young Liu)	1,800	1,800	0	0	17,717	17,717	50	50	19,567 0.33%	19,567 0.33%	5,299	5,299	0	0	31,000	0	31,000	0	55,867 0.94%	55,867 0.94%	0
Director	Yuan Hsin Investment Co. Ltd. (Note)	900	900	0	0	8,859	8,859	20	20	9,779 0.16%	9,779 0.16%	0	0	0	0	0	0	0	0	9,779 0.16%	9,779 0.16%	0
Director	Kinabalu Holding Company(Note)	900	900	0	0	8,859	8,859	30	30	9,789 0.17%	9,789 0.17%	0	0	0	0	0	0	0	0	9,789 0.17%	9,789 0.17%	0
Director	LIU, CHIN-PIAO (King Liu)	1,800	1,800	0	0	17,717	17,717	50	50	19,567 0.33%	19,567 0.33%	0	0	0	0	0	0	0	0	19,567 0.33%	19,567 0.33%	0
Director	LO, SHAIING-AN(Tony Lo) (Note)	900	900	0	0	8,859	8,859	20	20	9,779 0.16%	9,779 0.16%	0	0	0	0	0	0	0	0	9,779 0.16%	9,779 0.16%	0
Director	THO , TZU CHIEN (Note)	900	900	0	0	8,859	8,859	30	30	9,789 0.17%	9,789 0.17%	0	0	0	0	0	0	0	0	9,789 0.17%	9,789 0.17%	0
Director	CHIU, TA-PENG	1,800	1,800	0	0	17,717	17,717	50	50	19,567 0.33%	19,567 0.33%	0	0	0	0	0	0	0	0	19,567 0.33%	19,567 0.33%	0
Director	YANG, HUAI-CHING	1,800	1,800	0	0	17,717	17,717	50	50	19,567 0.33%	19,567 0.33%	0	0	0	0	0	0	0	0	19,567 0.33%	19,567 0.33%	0
Director	CHIU, TA-WEI	1,800	1,800	0	0	17,717	17,717	50	50	19,567 0.33%	19,567 0.33%	0	0	0	0	0	0	0	0	19,567 0.33%	19,567 0.33%	0
Independent Director	WU, CHUNG-YI(Note)	1,000	1,000	0	0	0	0	20	20	1,020 0.02%	1,020 0.02%	0	0	0	0	0	0	0	0	1,020 0.02%	1,020 0.02%	0

Title	Name (Note)	Directors' remuneration								Compensation as company employee								Compensation from investments other than subsidiaries (Note 11)				
		Compensation (A) (Note 2)		Pension (B) (Note 2)		Director remuneration (C) (Note 3)		Fees for services rendered (D) (Note 4)		The sum of A, B, C, and D as a percentage of net income (Note 10)		Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Employee remuneration (G) (Note 6)			The sum of A, B, C, D, E, F, and G as a percentage of net income (Note 10)			
		The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)		The Company	All companies included in consolidated statements (Note 7)		
Independent Director	HO, CHUN-SHENG(Note)	1,500	1,500	0	0	0	0	30	30	1,530	1,530	0	0	0	0	0	0	0	0	1,530	1,530	0
Independent Director	CHEN, HONG-SO (Hilo Chen)	2,500	2,500	0	0	0	0	50	50	2,550	2,550	0	0	0	0	0	0	0	0	2,550	2,550	0
Independent Director	LO, JUI-LIN	2,500	2,500	0	0	0	0	50	50	2,550	2,550	0	0	0	0	0	0	0	0	2,550	2,550	0

- 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 2021 BOD performance evaluation, the operation in 2021 is well and no adjustment is needed.
- 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: The directors of Yuan Hsin Co., LO, SHANG-AN and WU, CHUNG-YI have resigned on 8 July 2021 and the directors of Kinabalu Co., THO, TZU CHIEN, HO, CHUN-SHENG have onboard on 8 July 2021.

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)	The Company	All companies included in consolidated statements (Note 5)	
CEO	LIU, YUON-CHAN (Young Liu)	8,789	8,789	0	0	0	0	53,625	0	53,625	0	62,414	62,414	0
Head of Global Manufacturing Center	YEN, CHING-HSIN											1.05%	1.05%	

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



Remuneration brackets table

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

Note 1: The names of President and Vice Presidents are presented separately; the amount of payment is presented in aggregate sums. Any directors who co-headed the President or Vice President positions are disclosed in this table and in Table (1-1) and (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 R&D	CHANG, SHENG-CHANG	0	97,445	97,445	1.64%
Chief of Finance	WANG, PI-YU				
Head of Accounting	PAN, CHIAO-LI				
Corporate Governance Officer	LIU, CHIA-CHIEH				

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

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

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

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

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

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

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

Title	Year 2020	Year 2021
Directors		
President and Vice Presidents	4.29%	4.66%

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). Operation of the Board

A total of seven (A) Board meetings were held in 2021. Attendance records of the directors are as follows:

Title	Name (Note 1)	Actual attendance B	Attendance by proxy	Actual attendance rate (%) [B/A] (Note 2)	Remarks
Chairperson	THO, TU HSIU-CHEN (Bonnie Tu)	7	0	100%	
Director	LIU, YUON-CHAN (Young Liu)	7	0	100%	
Director	Yuan Hsin Investment Co. Ltd.	2	0	67%	Resigned on July 8, 2021 Took one leave of absence
Director	Kinabalu Holding Company	4	0	100%	Succeeded on July 8, 2021
Director	LIU, CHIN-PIAO (King Liu)	7	0	100%	
Director	LO, SHAIING-AN (Tony Lo)	3	0	100%	Resigned on July 8, 2021
Director	THO, TZU-CHIEN	4	0	100%	Succeeded on July 8, 2021
Director	CHIU, TA-PENG	7	0	100%	
Director	YANG, HUAI-CHING	7	0	100%	
Director	CHIU, TA-WEI	7	0	100%	
Independent Director	WU, CHUNG-YI	3	0	100%	Resigned on July 8, 2021
Independent Director	HO, CHUN-SHENG	4	0	100%	Succeeded on July 8, 2021
Independent Director	CHEN, HONG-SO (Hilo Chen)	7	0	100%	
Independent Director	LO, JUI-LIN	6	1	86%	Attended via proxy once

Other remarks:

1. For Board meetings that meet any of the following descriptions, state the date, session, contents of motions, independent directors' opinions and how the Company has responded to such opinions: Please refer to the "Major resolutions of the Board of Directors" section of the annual report.

(1) Conditions described in Article 14-3 of the Securities and Exchange Act.

(2) Any other documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above.

Title	Name (Note 1)	Actual attendance B	Attendance by proxy	Actual attendance rate (%) [B/A] (Note 2)	Remarks
2. 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:					
(1) 15th meeting of the 16th board of directors: The proposal concerning the initial public offering and listing of common shares denominated in RMB (A shares) by the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., at the stock exchange in China. Except for Board members who were related parties or recused from the discussion due to conflict of interest, the motion was passed as proposed by all other directors.					
(2) 2nd meeting of the 17th board of directors: The proposal concerning the undertakings issued for the listing of the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., at the stock exchange in China. Except for Board members who were related parties or recused from the discussion due to conflict of interest, the motion 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 shall be disclosed by TWSE/TPEX-listed companies and Table 2(2) Implementation of Board performance evaluation" shall be filled in.					
(1) Frequency: Annually					
(2) Period: January 1, 2021 to December 31, 2021					
(3) Scope: Individual Board members, the entire Board and functional committees					
(4) Method: Internal self-evaluations of the Board, Board members, Audit Committee and Remuneration Committee					
(5) Details:					
1. Performance evaluation of individual Board member: It covered the following six aspects: (1) Familiarity with the Company's goals and missions; (2) Understanding of Director's duties; (3) Level of participation in the Company's operation; (4) Management of internal relationship and communication; (5) Professionalism and continuing education of Directors; and (6) Internal control.					
2. Performance evaluation of the Board: It covered the following five aspects: (1) Level of participation in the Company's operation; (2) Improvement on the quality of Board's decisions; (3) Composition and structure of the Board; (4) Election and continuing education of Directors; and (5) Internal control.					
3. Performance evaluation of Audit Committee and Remuneration Committee: It covered the following five aspects: (1) Level of participation in the Company's operation; (2) Understanding of functional committees' duties; (3) Quality of functional committees' decisions; (4) Composition of the functional committees and election of members; and (5) Internal control.					
4. Once the scores from aforementioned procedures were collected and calculated, the evaluation outcome was reported in the Board meeting on March 25, 2022. General comments: The Board of Directors and functional committees all operated in accordance with relevant laws and regulations and had fulfilled their responsibilities. Therefore, the evaluation outcomes were above standard across the board. Please refer to the "2021 Report on Performance Evaluation Outcomes of the Board of Directors, Directors, Audit Committee and Remuneration Committee" in the annual report for details.					
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 Company elected three independent directors to be members of the Remuneration Committee on August 6, 2021 as an effort to increase the independence of the Board and functional committees.					

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

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

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

Independent directors' involvement in board of directors meetings in 2021

◎ : Actual Attendance * : Attendance by proxy X: Absence

2021	2021.03.26 16th 15th Meeting	2021.05.12 16th 16th Meeting	2021.06.15 16th 17th Meeting	2021.07.08 17th 1st Meeting	2021.08.06 17th 2nd Meeting	2021.11.05 17th 3rd Meeting	2021.12.17 17th 4th Meeting
Chung-Yi Wu	◎	◎	◎				
HO, CHUN-SHENG				◎	◎	◎	◎
Hung-Shou Chen	◎	◎	◎	◎	◎	◎	◎
Jui-Lin Lo	◎	◎	◎	*	◎	◎	◎

(2) Functionality of the Audit Committee:

Audit Committee members

Identity (Note 1)	Name	Criteria	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	HO, CHUN-SHENG				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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.

- Not employed by the Company or by any of its affiliated companies.
- 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.
- 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.
- 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.
- 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, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company.
- 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.
- Does not meet any of the conditions stated in Article 30 of The Company Act.

Audit Committee Meeting Status

A total of 5 meetings (A) were held in 2021; attendance records are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A] (Notes 1 and 2)	Remarks
Convener	LO, JUI-LIN	5	0	100%	
Member	CHEN, HONG SO (Hilo Chen)	5	0	100%	
Member	WU, CHUNG-YI	2	0	100%	Resigned on July 8, 2021
Member	HO, CHUN-SHENG	3	0	100%	Succeeded on July 8, 2021

Other remarks:

- When one of the following situations occurs, the date and session of the Audit Committee meeting; contents of motions; objections, reservations or major recommendations of Independent Directors; resolutions of the Committee and actions taken by the Company regarding the Committee's opinions shall be specified:
 - Matters specified in Article 14-5 of the Securities and Exchange Act: Please refer to the "Resolutions of the Audit Committee in 2021" below.
 - 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.
- 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.
- 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):
 - Independent directors and CPAs meet regularly every year. CPAs would report the Company's financial status, the finance and overall operation of subsidiaries both at home and abroad as well as findings from internal audits to the independent directors.
 - The internal audit supervisor meets with independent directors at least once every quarter and reports internal audit findings and operations of internal controls.
 - The internal audit supervisor, CPAs and independent directors can communicate with each other whenever the need arises. They have open communication channels between them.

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

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

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

- To formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- To assess the effectiveness of the internal control system.
- 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.
- Matters involving Directors' personal interests.
- Material asset or derivative instrument transactions.
- Material loans to others or provision of endorsement or guarantees.
- Offering, issuance, or private placement of equity-type marketable securities.
- Appointment, discharge of CPAs or their compensation.
- Appointment or discharge of a financial, accounting, or internal audit officer.
- Annual and semi-annual financial reports.
- Other material matters governed by the Company or the competent authority.

Resolutions of 2021 Audit Committee meetings

Date	Type	Major Resolutions	Outcome of Resolution
2021.03.26 14th meeting of the 1st term	Audit Committee	<ol style="list-style-type: none"> Internal audit report of the Company Outcome of 2020 self-assessment on internal control of the Company Derivative trading of the Company Financial statements for the year ended December 31, 2020 of the Company 2020 earnings distribution of the Company Initial public offering and listing of common shares denominated in RMB (A shares) by the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., at the stock exchange in China 	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members
2021.05.12 15th meeting of the 1st term	Audit Committee	<ol style="list-style-type: none"> Financial statements for the three months ended March 31, 2021 of the Company Internal audit report of the Company Derivative trading 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 members

Date	Type	Major Resolutions	Outcome of Resolution
2021.08.06 1st meeting of the 2nd term	Audit Committee	<ol style="list-style-type: none"> Financial statements for the six months ended June 30, 2021 of the Company Internal audit report of the Company Derivative trading of the Company Undertakings issued for the listing of the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., at the stock exchange in China Establishment plan of Vietnam factory 	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members
2021.11.05 2nd meeting of the 2nd term	Audit Committee	<ol style="list-style-type: none"> Financial statements for the nine months ended September 30, 2021 of the Company Internal audit report of the Company 2022 audit plan of the Company Derivative trading of the Company 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 members
2021.12.17 3rd meeting of the 2nd term	Audit Committee	<ol style="list-style-type: none"> Internal audit report of the Company Amendments to the Company's "Procedures Governing the Related Party Transactions" 	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all members

2021 Report on Performance Evaluation Outcomes of the Board of Directors, Directors, Audit Committee and Remuneration Committee

Giant Manufacturing Co., Ltd. conducted 2021 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 included the entire Board, individual Board member, Audit Committee and Remuneration Committee. Evaluation methods adopted were internal self-evaluations for the Board, self-evaluations for Board members, and internal self-evaluations for the Audit Committee and the Remuneration Committee.

Evaluation period:

January 1 to December 31, 2021

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 for preparation of the "summary of 2021 self-evaluation questionnaires for Directors", as well as the 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 calculated, the evaluation outcome was reported in the Board meeting on March 25, 2022.

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

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

General comments

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

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

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
1. Has the Company established and disclosed the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established its own “Corporate Governance Principles”. Stakeholders can access the information from the Corporate Governance section at the corporate website.	In compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
2. Ownership structure and shareholders’ rights	✓			No material deviation is found in comparison with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(1) Has the Company established internal operation procedures to handle shareholders’ suggestions, concerns, disputes and litigations? If yes, has these procedures been implemented accordingly?			(1) The Company has rules governing matters pertaining to shareholders’ services and dedicated personnel to handle shareholders’ suggestions and disputes.	
(2) Has the Company possessed a list of major shareholders and ultimate owners of these major shareholders?	✓		(2) The Company has dedicated personnel in charge of the lists of major shareholders and ultimate owners of these major shareholders.	
(3) Has the Company established and implemented risk management and firewall mechanisms between itself and affiliates?	✓		(3) Management rules for operation have been established and implemented at subsidiaries.	
(4) Has the Company established internal rules to prevent insiders from using undisclosed information to trade securities?	✓		(4) The Company has established procedures for internal material information, demanding all insiders to exercise their duties of care and fiduciary as prudent managers, conduct business in line with the principles of good faith, and sign the confidentiality agreements where appropriate.	
3. Composition and responsibilities of the Board of Directors				No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
(1) Has the Board of Directors established a diversity policy and specific management goals and has the policy been implemented accordingly?	✓		(1) The Company has specified the required number of independent directors in the Articles of Incorporation. Candidates outside of the cycling industry have been nominated by the Board and elected in accordance with the Articles of Incorporation. Diversity policy of the Board is detailed in Article 20 of the “Corporate Governance Principles” at the corporate website and the “Core Competence of Directors” is disclosed on page 11 of this annual report. The Company’s Board members are diverse in terms of professional background, gender, age, etc. and satisfy the goal of diversity as well as practical needs for business developments.	
(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 to form the Audit Committee in the annual shareholders’ meeting on June 22, 2018.	

Evaluation Item	Implementation Status (Note 1)		Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
(3) Has the Company formulated rules and methods for the performance evaluation of the Board of Directors and carried out the evaluation annually? Is the outcome of performance evaluation submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?	✓		<p>(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.</p> <p>The Company reported the 2021 performance evaluation outcomes of the Board to the Board on March 25, 2022. 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 included the entire Board, individual Board member, Audit Committee and Remuneration Committee. Evaluation methods adopted were internal self-evaluations for the Board, self-evaluations for Board members, and internal self-evaluations for the Audit Committee and the Remuneration Committee. The evaluation outcomes were above standard.</p> <p>According to the outcome of the 2021 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>
(4) Has the Company periodically evaluated the independence of its CPAs?	✓		<p>(4) The Company assesses the independence of its CPAs on a yearly basis and the CPAs are required to issue a “Declaration of Independence” annually to the Company. The Company would confirm that it has no financial nor business relationship with the CPAs except for audit and tax service fees. The assessment outcomes would be presented to the Board. (Please refer to the attached “CPAs Independence Assessment Report”.)</p>

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief governance officer to handle matters pertaining to corporate governance (including but not limited to 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 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. 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. 4. To assist Directors with assuming office and continuing education. 5. Besides annual performance evaluations on individual directors, internal performance evaluations shall be conducted on the overall operation of the Board. 	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
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 corporate website. Also, a stakeholder section has been created to properly address issues concerned by stakeholders (including but not limited to shareholders, employees, customers and suppliers), such as sustainable developments.	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 TWSE/TPEX-Listed Companies
7. Information disclosure				
(1) Has the Company established a corporate website to disclose information regarding the Company's finance, business and corporate governance status?	✓		(1) The Company has set up a corporate website to disclose financial, business, corporate governance and other material information.	No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating personnel to handle information collection and disclosure, implementing spokesperson system, uploading investor conference recordings to the corporate website)?	✓		(2) The Company has set up the spokesperson system and a shareholder service unit under the finance department, dedicating to handle shareholder affairs and the periodic or unscheduled disclosures of business performance as well as material information through announcement channels of Taiwan Stock Exchange Corporation for shareholders to have better insights on the Company's operations. The Company appoints the chief financial officer and public relation personnel to maintain investors relations, hold meetings with domestic and foreign institutional investors, and disclose business performance in a timely manner.	
(3) Does the Company publicly announce and file its annual financial reports within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?		✓	(3) The Company has publicly announced and filed its financial reports and monthly operational status within the prescribed deadlines.	
8. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights and welfare, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer service policies, and liability insurance for directors and supervisors provided by the Company)?	✓		<p>(1) Employee rights The Company has established personnel management rules in accordance with labor regulations to address employees' rights concerning salaries, welfare, work, training, leave of absence, retirement, etc., and provides group insurance to ensure the rights are thoroughly protected. The Company has founded an industrial union and an Employee Welfare Committee (EWC) as the bridges of communication with employees, 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 of EWC and industrial union, it is explicitly stated that management or department managers would tend to the needs of employees and offer assistance where necessary in the event of wedding, funeral, illness, injury, personal/family troubles, etc.</p> <p>(3) Investor relations The Company has set up the spokesperson system and a shareholder service unit under the finance department, dedicating to handle shareholder affairs and the periodic or unscheduled disclosures of business performance as well as material information through announcement channels of Taiwan Stock Exchange Corporation for shareholders to have better insights on the Company's operations. The Company appoints the accounting officer and public relation personnel to maintain investors relations, hold meetings with domestic and foreign institutional investors, and disclose business performance in a timely manner.</p>	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	
8. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights and welfare, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer service policies, and liability insurance for directors and supervisors provided by the Company)?	✓		<p>(4) Supplier relations The Company has 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 ensuring mutual prosperity.</p> <p>(5) Rights of stakeholders: Rights of stakeholders are handled according to relevant laws and regulations.</p> <p>(6) Directors' continuing education, implementation of risk management policy, risk assessment standards as well as customer service policy, and liability insurance provided by the Company for directors and supervisors are as follows:</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' 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 have good attendance rates.</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 2021.</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 and extended the scope to cover subsidiaries in order to enhance risk control.</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>Nomination system for director candidates: 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 was applied in the 2021 director election for the first time.</p> <p>Create the position of chief governance officer: The Board approved the appointment of chief governance officer, which took effect in June 2021. Issues and measures with high priority:</p> <p>Enhance the independence of the Board and functional committees: (the 17th-term was elected in 2021)</p>																				
	<table border="1"> <thead> <tr> <th>% of Independent Director\Term of Board</th> <th>15th</th> <th>16th</th> <th>17th</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>22%</td> <td>27%</td> <td>27%</td> </tr> <tr> <td>Remuneration Committee</td> <td>33%</td> <td>67%</td> <td>100%</td> </tr> <tr> <td>Audit Committee</td> <td>(yet to be established)</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>				% of Independent Director\Term of Board	15th	16th	17th	Board of Directors	22%	27%	27%	Remuneration Committee	33%	67%	100%	Audit Committee	(yet to be established)	100%	100%
% of Independent Director\Term of Board	15th	16th	17th																	
Board of Directors	22%	27%	27%																	
Remuneration Committee	33%	67%	100%																	
Audit Committee	(yet to be established)	100%	100%																	

Note 1: Please provide details at the Description column regardless of whether "Yes" or "No" is ticked under "Implementation Status".



Auditor Independence Assessment Report

Auditors' independence is assessed according to Article 29 of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." The Company assesses Auditors' independence using the following criteria; All findings were reported during the 3rd meeting of the 17th board held in 2021:

Giant MFG. Co., Ltd. Auditor Independence Assessment

Date of assessment: November 5, 2021

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

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

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

A. Remuneration Committee members

		As of March 30, 2022		
Title (Note 1)	Name	Criteria Professional Qualifications and Experience (Note 2)	Independence Status (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving in the Remuneration Committee
Independent Director (Convener)	CHEN, HONG SO (Hilo Chen)	Please refer to the section of Professional qualifications of directors and independence status of independent directors	Please refer to the section of Professional qualifications of directors and independence status of independent directors	3
Independent Director	LO, JUI-LIN	Please refer to the section of Professional qualifications of directors and independence status of independent directors	Please refer to the section of Professional qualifications of directors and independence status of independent directors	2
Independent Director	HO, CHUN-SHENG	Please refer to the section of Professional qualifications of directors and independence status of independent directors	Please refer to the section of Professional qualifications of directors and independence status of independent directors	0

Note 1: Please describe the seniority, professional qualifications, experience and independence of individual Remuneration Committee members. For independent directors, please indicate that more details are available in Table 1 Background of directors and supervisors (1) on page 00. For title, please fill in independent director or others. (Please identify the convener where appropriate.)

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

Note 3: Compliance with independence criteria: Please state the independence of Remuneration Committee members, including but not limited to whether the members, their spouses or relatives within the second degree of kinship are directors, supervisors or employees of the Company or any of its affiliates; the number of the Company shares held by the members, their spouses, and relatives within the second degree of kinship (or by nominee arrangement) and the percentages, whether they are directors, supervisors or employees of companies having specific relationship with the Company (please refer to Subparagraphs 5 to 8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) and the amount of compensation for provision of commerce, law, finance, accounting or related services to the Company or its affiliates in the past two years.

Note 4: Please refer to the examples of best-practices at the website of Corporate Governance Center, Taiwan Stock Exchange for disclosure methods.

B. Operation of the Remuneration Committee

The Company's Remuneration Committee consists of three members.

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

The Remuneration Committee held three meetings (A) in 2021. Eligibility and attendance of members are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A] (Note)	Remarks
Convener	CHEN, HONG SO (Hilo Chen)	3	0	100%	Review the performance evaluation of directors and managers as well as the policies and standards of salaries and remuneration
Committee member	LO, HUNG-I	1	1	50%	Review the performance evaluation of directors and managers as well as the policies and standards of salaries and remuneration Resigned on July 8, 2021
Committee member	HO, CHUN-SHENG	1	0	100%	Review the performance evaluation of directors and managers as well as the policies and standards of salaries and remuneration Took office on August 6, 2021
Committee member	LO, JUI-LIN	3	0	100%	Review the performance evaluation of directors and managers as well as the policies and standards of salaries and remuneration

Other remarks:

- In the event where the Remuneration Committee's recommendation is rejected or amended in a Board meeting, please specify the date and session of the Board meeting, contents of motions, resolutions of the Board, and actions taken by the Company regarding the Committee's opinions (e.g., describe the differences and reasons shall the Board approve a package that is more favorable than the one proposed by the Remuneration Committee): None.
- Where documented objections or qualified opinions are raised by Committee members against resolutions of the Committee, the date and session of the Committee meeting, contents of motions, opinions of all members and actions taken regarding the opinions shall be specified: None.
- Major resolutions of the Remuneration Committee:

Date	Session	Contents of Motions	Committee Resolutions
2021.03.18	6th meeting of the 4th term	1. 2020 remuneration to directors	Approved
		2. 2020 compensation to managers and employees	Approved
2021.12.03	1st meeting of the 5th term	1. Distribution principle of 2021 year-end bonus and the amount to managers	Approved

Note:

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



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

Promotion Items	Implementation Status (Note 1)		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
1. Has the Company established a governance structure for sustainability developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management authorized by the board of directors of directors to handle relevant issues under the supervision of the board?	✓		The Company has established the “ESG Bureau and ESG Task Force” under the operation management level. At the initial stage, we will establish the annual goals of four categories: “carbon governance, ESG, external resources, and reporting and communications” under corporate sustainable developments with the management teams of subsidiaries and constantly monitor and control the progress. In 2021, the Group included carbon inventory as one of the annual policy goals for the first time. The outcome of inventory would be reported to the Board and a carbon reduction roadmap would be formulated.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
2. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	✓		The boundaries of risk assessments will align with the consolidated financial statements of the Group in the long term. In the early stage, we will start with entities located at where the listed company is and gradually expand the scope. Once the risk assessment is completed by the management team, carbon governance, diversity and inclusion, circular economy enhancement and operational resilience will be the major risk management strategies.	No material deviation is found in comparison with the Sustainable Development 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 requirements that are applicable given Giant’s products, activities, and services, and convey relevant information to employees. Impact mitigation - Provide proper protection facilities and equipment or develop standard operating procedures to regulate hazardous substance, effluent and waste treatment in order to ensure effective control over their environmental impacts. Ongoing improvement - Implement environmental policies; set goals to Reduce, Reuse, and Recycle as well as prevent pollution; and use the outcome as the basis for performance evaluation to ensure ongoing improvement. Education - Enhance competence by improving skills and knowledge and identify skills required to achieve better work performance for employees to better understand their responsibilities. Also, encourage employees to participate in the implementation of environmental management system.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies

Promotion Items	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	
(2) Is the Company committed to improving the energy efficiency and utilizing renewable materials that have low environmental impact?	✓		(2) The Company is dedicated to the development of eco-friendly, green product materials and packaging materials featuring “low toxicity,” “volume reduction,” and “recyclability.” We not only comply with regulatory requirements but also mitigate the environmental impact of resource utilization. Besides green building materials, materials from the former structure were used in the construction of the Group’s headquarters building where appropriate to minimize waste.
(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and adopts measures to respond to climate-related issues?	✓		(3) In response to environmental and climate change issues, the Company advances towards manufacturing processes featuring high efficiency and low pollution. We take on an active role in the research and development of green bicycles and E-bikes in order to promote and market the concept of energy conservation and carbon reduction to the consumer markets worldwide. Also, we have poured resources into the construction of public bike systems for many years. The systems are now available at eight cities/counties: Taipei City, New Taipei City, Taoyuan City, Hsinchu City (including the Hsinchu Science Park), Miaoli County, Taichung City, Chiayi City, and Kaohsiung City, with a total of 5,668 service stations and more than 83 thousand bikes. The cumulative number of bike rentals exceeds 500 million, which reduces CO2 emission by 84 million kg (based on motorcycle emission rate). In addition, we work on expanding the coverage area of public bike systems in order to change consumers’ commute habits. Projects on enhancing the convenience of public bikes, service stations and usage will be launched to attract more users. The Company keeps on promoting energy management. We replace heavy oil-based boilers with natural gas-based ones, which generate less pollution; install CNS14400-certified IE3 energy-saving motors and replace older models; and establish effluent treatment plants and water resource recovery facilities. There are also automatic systems monitoring water quality and volume. Furthermore, LED lighting and curtain-wall films are used at office buildings and factories to minimize power consumption of air conditioners, thereby contributing to the green earth.

Promotion Items	Implementation Status (Note 1)		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons																
	Yes	No																		
(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and adopts measures to respond to climate-related issues?	✓		Our domestic sales, which is deeply rooted in Taiwan, promote a green and healthy cycling life, and set sustainability and go green as part of our annual management targets. The “Cloud-based AI Energy Management Platform” was introduced in June 2019. It integrates AI and IoT in monitoring the total electricity consumption in offices. Data is then tied in with remotely controlled air conditioners to transform “energy consumption” into “energy conservation”. The system saves about 30% of 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 at the design stage. It thus won the Green Building Label issued by the Ministry of the Interior, fully demonstrating the Company’s commitment to environmental protection.	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies																
(4) Does the Company calculate its greenhouse gas (GHG) emissions, water consumption and total waste weight in the past two years, and formulate policies for reductions of GHG and water consumption, or other waste management?	✓		<p>(4) Emissions of Giant’s Taiwan factories in 2020 and 2021 are as follows:</p> <table border="1"> <thead> <tr> <th>Items</th> <th>2020</th> <th>2021</th> <th>Changes</th> </tr> </thead> <tbody> <tr> <td>GHG emission</td> <td>16,400 t/year</td> <td>28,000 t/year (Note)</td> <td>N/A</td> </tr> <tr> <td>Water consumption</td> <td>648,000 t/year</td> <td>511,000 t/year</td> <td>-21.1%</td> </tr> <tr> <td>Total waste</td> <td>5,320 t/year</td> <td>6,052 t/year</td> <td>1.14%</td> </tr> </tbody> </table> <p>Note: The Company adopted operational boundary defined in ISO14064-1:2006 in 2020 to conduct inventory and adopted ISO14064-1:2018 in 2021. As the boundary has changed, the outcome is not comparable to data of the previous year.</p> <p>The Company took aggressive measures to reduce carbon emission. The quantitative targets for future years: The Company plans to lower GHG by 10%, factory carbon emissions by 15%, and water consumption by 20% in 2022.</p> <p>From the policy perspective, our environmental policies cover regulatory compliance, impact mitigation, ongoing improvement, and education. The Company has “Public Hazard Control Policy” and “Waste Management Procedures” in place for the promotion of environmental protection and energy conservation. There are also “Preventive Maintenance Management Rules” and “Power Equipment Management Rules” for energy conservation and carbon reduction of power equipment. The Group Headquarters engage professional cafeteria management company to significantly reduce the use of disposable tableware. We also encourage the packing of leftover to avoid food waste and scrap.</p>	Items	2020	2021	Changes	GHG emission	16,400 t/year	28,000 t/year (Note)	N/A	Water consumption	648,000 t/year	511,000 t/year	-21.1%	Total waste	5,320 t/year	6,052 t/year	1.14%	No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
Items	2020	2021	Changes																	
GHG emission	16,400 t/year	28,000 t/year (Note)	N/A																	
Water consumption	648,000 t/year	511,000 t/year	-21.1%																	
Total waste	5,320 t/year	6,052 t/year	1.14%																	

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

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

Promotion Items	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?	✓		(6) The Company has drawn up the supplier assessment rules and regularly evaluated its suppliers. Counseling is offered to suppliers with undesirable performance and their improvements are monitored. Suppliers' past conducts are also taken into consideration during the selection process. Declarations concerning compliance with labor regulations and avoidance of environmental hazards have been included as mandatory provisions in all supplier agreements. 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. Relevant rules are stipulated in "The Code of Corporate Social Responsibility for Suppliers of Giant Group". Please refer to the corporate website for details.
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of sustainability report or other reports which disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?	✓		The Company has yet to compile a sustainability 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.
6. If the Company has established its own sustainable principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies", please specify any discrepancy between the policies and their implementation: None.			
7. Other important information to facilitate better understanding of the Company's sustainable practices: (1) Environmental protection In recent years, climate change and extreme weather have had significant impact on the global ecological environment. Consequently, there 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 demonstrating the Company's commitment to green energy and environmental protection. In addition, as Taiwan's electricity consumption rises every year, our subsidiary, Giant Sales Co., Ltd. (Giant Sales), advertises cycling to green healthy living and sets sustainability as well as go green as parts of annual management goals. In June 2019, we launched the "Cloud-based AI Energy Management Platform" during the peak electricity season. The platform integrates AI and IoT in monitoring the total electricity consumption of offices. Data is then tied in with remotely controlled air conditioners to transform	<p>"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.</p> <p>As for the promotion of cycling culture and provision of public bike rental service, we remain committed to YouBike. By the end of 2021, YouBike operates in 8 cities/counties in Taiwan, i.e., Taipei City, New Taipei City, Taoyuan City, Hsinchu City (including the Hsinchu Science Park), Miaoli County, Taichung City, Chiayi City, and Kaohsiung City, with a total of 5,668 service stations and more than 83 thousand bikes. The cumulative number of bike rentals exceeds 500 million which reduces approximately 84 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.</p> <p>(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</p>		

Fund for Children and Families with neighboring businesses. Participating store managers from our nation-wide franchisees as a whole have performed well in terms of community engagement and received positive reviews.

(3) Social contribution

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

As for abroad, we have long been part of the non-governmental organization, World Federation of the Sporting Goods Industry (WFSGI), which is officially recognized by the International Olympic Committee as representing the interest of the global sporting goods industry. The membership allows us to stay current with the dynamics of the industry and raise the visibility of domestic cycling industry worldwide. The Company has long been sponsoring the tier-1 teams of UCI Road Race and numerous local cycling teams and professional cyclists. These sponsorships not only promote Taiwan's image as a high-end bicycle manufacturer, but also benefit the Company by having professionals putting 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. The company is dedicated to the promotion and operation of YouBike.

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

In January 2020, YouBike and the Department of Transportation under Taipei City Government jointly initiated the "YouBike 2.0 trial run program" at Gongguan (including the campus of National Taiwan University). During the three-month trial period, the cumulative number of bike rentals was close to 500 thousand and the number of users exceeded 60 thousand. The average daily turnover rate was above 10 times with an over 90% satisfactory rate. In the same year, YouBike 2.0 was officially introduced to Kaohsiung City (July 1), Chiayi City (December 15) and Taichung

City (December 18). Both the numbers of users and rentals have shown steady growth. Chiayi City adopted the YouBike 2.0E (e-bike) on December 1, 2021. Seniors, long-distance riders and riders who find cycling uphill more trying can now enjoy easy, comfortable and quality riding experience. The turnover rate after the rollout has been impressive with enthusiastic reception from the public. 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 Anxi. The system is quite popular among locals for its high-quality bikes along with excellent services and earned great acclaims as the best public service ever! By 2017, YouBike operation has extended to Luojiang District, Taiwanese Investment Zone, Quangang District, Economic Development Zone, Jiangnan New District, etc. It provides comfort and convenience for outing and bridges the gap between public bikes and other public transportation systems to effectively solve the "first mile" and "last mile" issues. In 2018, YouBike expanded its presence behind Quanzhou City and won the bid for Futian project. The operation was successfully initiated on June 3 and the service area covered every district (county) within the Great Futian region with an increasing turnover rate. Furthermore, with help from various parties, UnionPay IC card could be used for bike renting in Quanzhou and Futian, a novel rental practice started in China. The system won the honor of "Outstanding Management Award" for public bikes in the same year. Traditionally, members of public bike systems are required to pay a deposit in China. Many citizens are concerned with the practice and decide against member registration. However, more than two years of operation showed that there were seldom any incidence of vandalism and the number of missing bikes was within a manageable level. We thus convinced the local governments of those two cities to remove the deposit requirement in early 2019. The deposit-free measure as well as constant management refinement, promotions and service improvement brought about significant increases in the numbers of members and rentals. Meanwhile, we hold fast to our beliefs and proactively fulfill our corporate social responsibilities. By providing convenient registration stations in campuses and communities, working with traffic police and public transportation units on campus safety promotion, and actively taking parts in public welfare events, YouBike is well-received and highly acclaimed by the public and the media. At the early stage of Covid-19 in 2020, we responded quickly and made timely purchases of epidemic prevention supplies. All bikes in the service stations were disinfected for the public to use without unduly concern and as a part of public transportation, the operation continued for people to go about their daily activities as usual. While some public transportation means were suspended, YouBike persisted on 24-hour service to provide convenience for outing, return to work and back to

production. The splendid performance of YouBike in Quanzhou has earned it the “Top Ten Smart Life Initiatives Award” and “Annual Corporate Social Responsibility Award” of Quanzhou City in March 2021. In September, as the number of Covid-19 cases rose in Xianyou County, Putian City, YouBike proactively responded to the call for preventive actions by supporting frontline medical personnel and volunteers with free bikes for their mobility needs. By the end of December 2021, YouBike had 2,031 rental stations and 62,400 bikes operating in China with a cumulative total of 267 million rides, which reduced CO2 emission by about 117,000 tonnes or an equivalent of planting 6.38 million trees. YouBike has become an important commuting partner to the public and the cycling culture is slowly making its way into people’s daily lives. The satisfaction score of YouBike exceeded 98% at the online survey of Quanzhou and Putian.

(4) Social services

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

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

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

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

(5) Social welfare

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

The Foundation held 40 bike safety sessions to raise children’s awareness on transportation,

education, safety and environmental protection as well as proper exercise and convey the right cycling concepts in public and private junior high schools and elementary schools at Taipei City and New Taipei City for safety riding and cycling etiquette to take root.

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

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

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

(6) Consumers’ interests

a. Innovative products and quality control

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

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

b. Comprehensive product warranty system

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

c. Emphasis on customer relations and rights

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

(7) Human rights

All of the Company's human resources policies have complied with the government's labor regulations. Employees are treated equally within the Company, regardless of their nationality, race, gender or age. The Company respects each employees' work rights. We want all of them to have the opportunity to learn, grow and put their abilities to the best use at work. Employees may approach line managers, the human resources department, or industrial unions or use other means to raise complaints and seek resolutions for any unfair treatment. At the Headquarters, each gender accounts for no less than one-third of senior executive positions and above. At local offices, more than two-thirds of Presidents in our proprietary brand companies are of local nationalities. The comparison of data between 2020 and 2021 shows that in-person classes reduced slightly due to the pandemic.

Year	2020		2021	
	Female	Male	Female	Male
% of employees	36.10%	63.90%	36.20%	63.80%
Average training hours	4.98	5.86	4.09	4.00
% for senior executives and above	33.30%	66.70%	33.30%	66.70%

(8) Health and safety

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

(9) Other CSR activities

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

Note 1: If "Yes" is ticked under the "Implementation Status", please explain the key policies, strategies, and measures adopted and implementation results thereof. If "No" is ticked, please state the difference and reasons and specify related policies, strategies, and measures to be adopted in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons" column.

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

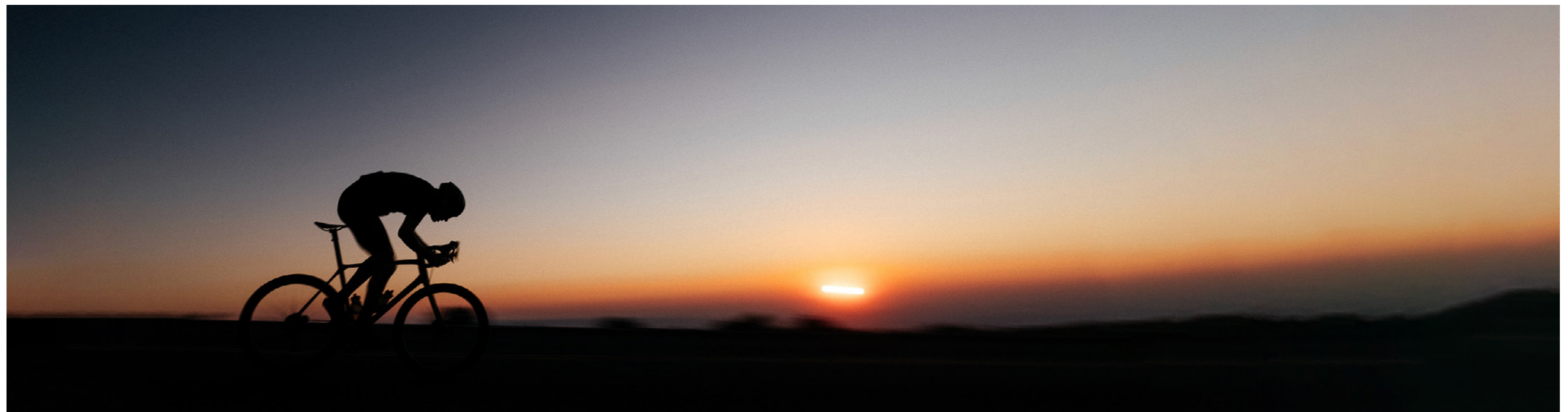
Note 3: Please refer to the examples of best-practices at the website of Corporate Governance Center, Taiwan Stock Exchange for disclosure methods.

(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)		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
1. Establishment of ethical management policies and schemes		✓		No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
(1) Has the Company formulated ethical management policies approved by the Board of Directors and clearly expressed its ethical management policies and measures along with commitments of the Board of Directors and senior management to proactively implement those management policies in its internal rules and external documents?		✓	(1) The Company has established the "Principles of Business Ethics" in 2015, which explicitly requires the Board of Directors and the management to be committed to proactively implement the principles through actions.	
(2) Has the Company established assessment mechanism for risk arising from unethical conducts, regularly analyzed and assessed operating activities with higher risk of unethical conduct within its business, and formulated preventive schemes accordingly, which at least contained preventive measures for conducts set forth in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies"?		✓	(2) Ethical behaviors have also been outlined as part of the Company's human resource management policy, which all employees shall comply with. During annual employee assessments, managers would take into account employees' ethical conducts. There are also consultation and reporting channels in place to handle all possible issues properly.	
(3) Has the Company specified in its schemes to prevent unethical conduct the operating procedures, conduct guidelines, disciplinary measures and compliant system, and has the Company implemented them accordingly and regularly reviewed those schemes?		✓	(3) Ethical behaviors have also been outlined in the Company's procurement and supply contracts. Employees shall comply with and are prohibited from offering and accepting bribes in any commercial activity.	
2. Implementation of ethical management				No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
(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.	
(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 plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits?		✓	(4) The Company has established effective accounting and internal control systems to enforce business ethics and both systems operate properly at present. Based on the risk assessment outcome, internal auditors would develop risk-oriented annual audit plans, which are used for conducting management audits or unscheduled project audits on financial statement preparation process.	

Evaluation Item	Implementation Status (Note 1)		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No		
(5) Has the Company regularly held internal and external training sessions on ethical management?	✓		(5) The Company organizes quarterly business consensus conferences and monthly as well as weekly meetings for senior management to communicate with employees on the brand value of “authenticity” and the corporate value of “integrity” through the use of appropriate cases when the occasion arises. In 2021, the internal and external training sessions on business ethics organized by Giant through quarterly business consensus conferences and monthly plus weekly meetings totaled 7,800 hours with an attendance of 12,000 people. The numbers decreased year-over-year due to the pandemic.	
3. Implementation of whistleblowing system				
(1) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible complaint channels, and designated appropriate individuals to handle the complaint received?	✓		(1) There are complaint channels and iCare mailbox available at the corporate website to facilitate the reporting of misconducts. Information received is kept confidential and forwarded directly to Giant’s senior management.	No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
(2) Has the Company established standard operating procedures to investigate the complaints received, actions to be taken upon the completion of investigation, and relevant mechanisms for confidentiality?	✓		(2) The Company’s internal policy explicitly states that confidential information cannot be revealed to other parties except for reporting to the person in charge. 1. Complaint channels: The Company has complaint channels and iCare mailbox at the corporate website. 2. Procedures: 2.1 Anonymous whistleblowing: Anonymous whistleblowing is not investigated in principle. However, investigations may still be conducted on a case-by-case basis if the claim is deemed material, and the outcomes are used as reference for internal reviews. 2.2 Identified whistleblowing: The department accepting the misconduct reporting shall ascertain the informant’s intention and evidence. Cases that involve violation of laws or unethical/dishonest behaviors need to be escalated to the President along with evidence. 2.3 The Company handles all misconduct reporting with the utmost confidentiality. It investigates whistleblowers’ claims through independent channels and protects them by keeping their identities confidential. 2.4 Where the whistleblower is an employee, the Company ensures that the employee will not be retaliated against due to whistleblowing. 2.5 The Company allows the subject of investigation fair opportunities to respond to the claim in order to safeguard his/her rights and protect him/her from retaliation. Personnel Arbitration Committee hearings are held whenever deemed necessary.	
(3) Has the Company established measures to protect whistleblowers from retaliation?	✓		(3) Where the whistleblower is an employee, the Company ensures that the employee will not be retaliated against due to whistleblowing.	

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



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

A. Declaration of Internal Control System

<p>Giant Manufacturing Co., Ltd. Declaration of Internal Control</p> <p style="text-align: right;">Date: March 25, 2022</p> <p>The following declaration had been made based on 2020 self-assessment of the Company's internal control:</p> <ol style="list-style-type: none"> 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, 2021. 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. 7. This declaration was passed unanimously without objection by all 10 Directors present at the board meeting dated March 25, 2022. <p style="text-align: right; margin-top: 20px;"> Giant MFG. Co., Ltd. Chairman: Bonnie Tu signature CEO: Young Liu signature </p>
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B. If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: None

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

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

Date	Meeting category	Major resolutions	Outcome of resolution
2021.07.08	Shareholders meeting	1. Approval of amendments to the Company's Articles of Incorporation 2. Approval of the Company's financial statements for the year ended December 31, 2020 3. Approval of the Company's 2020 earnings distribution 4. Approval of amendments to the Company's Procedures for Election of Directors 5. Approval of the A-share initial public offering of the subsidiary, D.Mag(kunshan)new Metal Technology (Kunshan) Co., Ltd., and the application for its listing in the China stock markets 6. Election of all directors 7. Release of the non-competition restriction on the directors of the Company	Voted and passed by all shareholders

Major resolutions passed in 2021 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-1100015376 dated July 14, 2021.
2. Approved the 2020 business report and financial statements.
3. Approved the 2020 earnings distribution.
Implementation status: The record date was set at August 29, 2021 and the payment date was set at September 17, 2021. Cash dividend is determined at NT\$8 per share
4. Approval of amendments to the Company's Procedures for Election of Directors
5. Approval of the A-share initial public offering of the subsidiary, D.Mag(kunshan)new Metal Technology (Kunshan) Co., Ltd., and the application for its listing in the China stock markets
6. Approval of the Election of the 17th directors
Implementation status: Changes have been registered with the competent authorities with Document Reference No. MOEA-Authorized-Commerce-1100015376 dated July 14, 2021.
7. Approval of releasing of the non-competition restriction on the directors of the Company

Major resolutions of 2021 Board meetings and implementation status:

Date	Type	Major Resolutions	Outcome of Resolution
2021.03.26 15th meeting of the 16th term	Board meeting	<ol style="list-style-type: none"> Acknowledgment of the outcome from the 2020 internal control self-assessment Distribution of 2020 remuneration to directors and adjustments to the remuneration percentage Distribution of 2020 compensation to employee Financial statements for the year ended December 31, 2020 2020 earnings distribution of the Company Extension of credit lines from banks and bills finance institutions Director election Appointment of chief governance officer Initial public offering and listing of common shares denominated in RMB (A shares) by the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., at the stock exchange in China Amendments to the Articles of Incorporation Discussion of date, venue and agendas for the 2021 annual general meeting 	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2021.05.12 16th meeting of the 16th term	Board meeting	<ol style="list-style-type: none"> Financial statements for the three months ended March 31, 2021 Nomination of director (including independent director) candidates Lifting of non-compete restrictions for newly elected directors and their representative 	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2021.06.15 17th meeting of the 16th term	Board meeting	<ol style="list-style-type: none"> Change of date and venue for 2021 annual shareholders' meeting due to the pandemic 	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2021.07.08 1st meeting of the 17th term	Board meeting	<ol style="list-style-type: none"> Election of the 17th chairperson of the Company 	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2021.08.06 2nd meeting of the 17th term	Board meeting	<ol style="list-style-type: none"> Financial statements for the six months ended June 30, 2021 Election of the 5th Remuneration Committee members Undertakings issued for the listing of the subsidiary, D. Mag (Kunshan) New Material Technology Co., LTD., at the stock exchange in China Construction of Vietnam factory 	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2021.11.05 3rd meeting of the 17th term	Board meeting	<ol style="list-style-type: none"> Financial statements for the nine months ended September 30, 2021 2022 audit plan of the Company Independence assessments of the Company's CPAs and reviews on audit fee Dates for 2022 Board meetings 	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>
2021.12.17 4th meeting of the 17th term	Board meeting	<ol style="list-style-type: none"> 2022 business plans and objectives of the Group 2022 financial budget of the Group Amendments to the Company's "Procedures Governing the Related Party Transactions" Discussion on the distribution principal of 2021 year-end bonus and the amount to managers 	<p>Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors</p>

(12). Documented opinions or declarations made by directors against board resolutions in the most recent year, up till the publication date of this annual report: None.

(13). Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, chief governance officer or head of R&D in the most recent year up till the publication date of this annual report:

The Board approved the appointment of Mr. LIU, CHIA-CHIEH as the corporate governance officer on March 26, 2021. The appointment took effective on June 1, 2021.

5. Disclosure on audit fee - new

Name of accounting firm	Name of CPAs	Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche, Taiwan	Wu, Lie-Dong Su, Ting-Chien	2021	NT\$4,280 thousand	NT\$290 thousand	NT\$4,570 thousand	

Non-audit fee: Certification of completion for repatriated offshore funds invested on the Central Taiwan Science Park project of NT\$160 thousand, audit on returns adopting the direct deduction method of NT\$50 thousand, registration of branches of NT\$20 thousand, audit on working capital of the international logistics center of NT\$20 thousand and verification of 2020 payroll information checklist of NT\$40 thousand.

Note: If there is any change of CPA or accounting firm during the year, please specify the audit periods separately and state the reason for the change in the remarks column. Details on audit and non-audit fee shall be disclosed and services provided for non-audit fee shall be listed.

6. Change of CPA: None.

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

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

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

Title (Note 1)	Name	Year 2021		Year-to-date as at March 30, 2022	
		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)	-	-	-	-
Director	LIU, YUON-CHAN (Young Liu)	-	-	-	-
Director	Kinabalu Holding Co.Ltd.	-	-	-	-
Director	LIU, CHIN-PIAO (King Liu)	-	-	-	-
Director	THO, TZU CHIEN	-	-	-	-
Director	CHIU, TA-PENG	-	-	-	-
Director	YANG, HUAI-CHING	80,000	-	-	-
Director	CHIU, TA-WEI	-	-	-	-
Head of Global Manufacturing Center	YEN, CHING-HSIN	(54,000)	-	-	-
Global head of R&D	CHANG, SHENG-CHANG	-	-	-	-
Chief Operating Officer of HPB Division	CHEN, GUEI-YAO	-	-	-	-
Global Chief of Finance	WANG, PI-YU	-	-	-	-
Head of Accounting	PAN, CHIAO-LI	-	-	-	-
Corporate Governance Officer	LIU, CHIA-CHIEH	-	-	-	-

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

(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

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
	August 29, 2021 (Ex-Dividend Date)							
Kinabalu Holding Co.Ltd.	17,600,000	4.69%	-	-	-	-	THO, TU HSIU-CHEN (Bonnie Tu)	Chairperson
HSBC in Its Capacity as Master Custodian for the Account of HSBC Corporation Limited	17,453,817	4.65%	-	-	-	-	-	-
LIU, CHIN-PIAO (King Liu)	13,703,498	3.65%	885,780	0.24%	-	-	LIU, YUON-CHAN (Young Liu)	Son
LIU, YUON-CHAN (Young Liu)	13,297,162	3.55%	-	-	-	-	LIU, CHIN-PIAO (King Liu)	Father
CitiBank Taiwan Custodianship of the Singapore Government Investment Account	11,608,222	3.10%	-	-	-	-	-	-
THO, TU HSIU-CHEN (Bonnie Tu)	8,332,348	2.22%	57,214	0.02%	-	-	Kinabalu Holding Co.Ltd.	Chairperson
CHIU, TA-RU	6,042,148	1.61%	-	-	-	-	-	-
Fubon Life Insurance Co., Ltd.	6,000,000	1.60%	-	-	-	-	-	-
Cheng-Chun Investment Co., Ltd.	5,664,541	1.51%	-	-	-	-	-	-
Chunghwa Post Co., Ltd.	5,643,000	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.



Four. Funding Status

10. Aggregate shareholding percentage in long-term investments

December 31, 2021

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

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



1. Capital and outstanding shares

(1) Source of capital

1. Share categories

March 30, 2022 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
1972.10.27	100	40,000	4,000,000	40,000	4,000,000	Company founded with cash	None
1974.01.03	100	100,000	10,000,000	100,000	10,000,000	Cash issue totaling NT\$6,000,000	None
1976.04.21	100	120,000	12,000,000	120,000	12,000,000	Cash issue totaling NT\$2,000,000	None
1978.04.10	100	180,000	18,000,000	180,000	18,000,000	Cash issue totaling NT\$6,000,000	None
1981.08.04	100	400,000	40,000,000	400,000	40,000,000	Cash issue totaling NT\$8,500,000 Capitalization of earnings NT\$13,500,000	None
1982.09.30	100	600,000	60,000,000	600,000	60,000,000	Capitalization of earnings NT\$20,000,000	None
1983.08.05	100	993,600	99,360,000	993,600	99,360,000	Capitalization of earnings NT\$39,360,000	None
1984.07.10	100	1,500,000	150,000,000	1,500,000	150,000,000	Capitalization of earnings NT\$50,640,000	None
1986.08.15	100	1,980,000	198,000,000	1,980,000	198,000,000	Cash issue totaling NT\$19,200,000 Capitalization of earnings NT\$28,800,000	None
1988.04.01	100	3,600,000	360,000,000	3,600,000	360,000,000	Cash issue totaling NT\$162,000,000	None
1990.07.15	10	50,000,000	500,000,000	50,000,000	500,000,000	Capitalization of earnings NT\$140,000,000	None
1992.08.13	10	60,000,000	600,000,000	60,000,000	600,000,000	Capitalization of earnings NT\$100,000,000	None
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
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

Approval date	Face value (NTD)	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of share capital	Paid in properties other than cash	Remark
1995.05.26	10	135,000,000	1,350,000,000	135,000,000	1,350,000,000	Cash issue totaling NT\$153,750,000 Capitalization of earnings NT\$54,375,000 Capitalization of capital reserves NT\$54,375,000	None	Note5
1996.06.21	10	189,000,000	1,890,000,000	148,500,000	1,485,000,000	Capitalization of capital reserves NT\$135,000,000	None	Note6
1997.06.25	10	189,000,000	1,890,000,000	163,350,000	1,633,500,000	Capitalization of capital reserves NT\$148,500,000	None	Note7
1998.07.04	10	189,000,000	1,890,000,000	179,685,000	1,796,850,000	Capitalization of earnings NT\$81,675,000 Capitalization of capital reserves NT\$81,675,000	None	Note8
1999.06.28	10	223,000,000	2,230,000,000	197,653,500	1,976,535,000	Capitalization of earnings NT\$143,748,000 Capitalization of capital reserves NT\$35,937,000	None	Note9
2000.06.29	10	240,000,000	2,400,000,000	227,301,525	2,273,015,250	Capitalization of earnings NT\$271,847,000 Capitalization of capital reserves NT\$24,633,000	None	Note10
2001.06.13	10	320,000,000	3,200,000,000	261,396,760	2,613,967,600	Capitalization of earnings NT\$340,952,000	None	Note11
2002.07.05	10	320,000,000	3,200,000,000	280,183,561	2,801,835,610	Capitalization of earnings NT\$187,868,000	None	Note12
2008.07.07	10	320,000,000	3,200,000,000	295,887,188	2,958,871,880	Capitalization of earnings NT\$157,036,000	None	Note13
2009.07.02	10	400,000,000	4,000,000,000	355,064,626	3,550,646,260	Capitalization of earnings NT\$591,774,000	None	Note14
2010.07.27	10	400,000,000	4,000,000,000	375,064,626	3,750,646,260	Cash issue totaling NT\$200,000,000	None	Note15
2019.07.08	10	495,000,000	4,950,000,000	375,064,626	3,750,646,260	The authorized capital 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 Tsal Cheng(1) No.02073) on August 13, 1992.

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

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

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

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

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

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

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

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

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

Note 12: Approval document (Tai Tsal 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, 2021 (Ex-dividend Date)						
Type of Shareholders	Government agencies	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Number of Shareholders	4	45	63	9,021	843	9,976
Shareholding	3,594,047	23,072,008	39,365,309	109,110,023	199,923,239	375,064,626
Holding (%)	0.96%	6.15%	10.50%	29.09%	53.30%	100.00%

(3) Diversity of ownership

Common shares

August 29, 2021 (Ex-dividend Date)			
Shareholder Ownership (Unit: Share)	Number of shareholders	No. of shares held	Shareholding percentage
1 to 999	5,538	923,057	0.25%
1,000 to 5,000	3,174	5,567,294	1.48%
5,001 to 10,000	300	2,278,807	0.61%
10,001 to 15,000	143	1,811,617	0.48%
15,001 to 20,000	96	1,706,340	0.46%
20,001 to 30,000	99	2,443,203	0.65%
30,001 to 40,000	70	2,477,143	0.66%
40,001 to 50,000	54	2,432,809	0.65%
50,001 to 100,000	149	11,002,154	2.93%
100,001 to 200,000	112	16,120,810	4.30%
200,001 to 400,000	81	23,172,237	6.18%
400,001 to 600,000	48	23,897,525	6.37%
600,001 to 800,000	22	15,071,765	4.02%
800,001 to 1,000,000	12	10,613,664	2.83%
1,000,001 and above	78	255,546,201	68.13%
Total	9,976	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, 2021 (Ex-dividend Date)		
Name of major shareholder	No. of shares held	Ownership (%)
Kinabalu Holding Company	17,600,000	4.69%
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%
CitiBank Taiwan Custodianship of the Singapore Government Investment Account	11,608,222	3.10%
THO, TU HSIU-CHEN (Bonnie Tu)	8,332,348	2.22%
CHIU, DA-RU	6,042,148	1.61%
FUBON LIFE INSURANCE CO.,LIMITED.-TWOTC-FFI	6,000,000	1.60%
Cheng-Chun Investment Co., Ltd.	5,664,541	1.51%
Chunghwa Post Co., Ltd.	5,643,000	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	2020	2021 (Note 1)	
		High	327	367.5
Market price per share	Low	116	272.5	
	Average	241.01	314.71	
Net worth per share	Before dividend	67.12	73.25	
	After dividend	59.12	63.25	
Earnings per share	Weighted average outstanding shares	375,064,626	375,064,626	
	Earnings per share	13.19	15.81	
Dividends per share	Cash dividends	8	10	
	Stock dividends	Retained earnings	-	-
		Paid in capital	-	-
	Cumulative unpaid dividends	-	-	
P/E ratio (Note 2)	18.27	19.91		
Analysis of investment returns	Price to dividend ratio (Note 3)	30.13	31.47	
	Cash dividend yield (Note 4)	3.32%	3.18%	

Note 1: 2021 dividends will be paid after the 2022 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\$10 per share for the 2021 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%. 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\$558,392,774, which is indifferent from the amount previously recognized as expense in the year occurred.

* Payment of director remuneration amounted to NT\$155,026,257, 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.



Five. Operational Overview

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\$455,893,309 for employees and NT\$127,342,856 for directors out of the Company's 2020 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.

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	73,658,016	90.00%
Materials	6,102,184	7.46%
Others	2,079,670	2.54%
Total	81,839,870	100.00%

3. The Company's current products:

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

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

4. New product development plans:

For Road bikes, Giant will continue to focus on high-end models, which are the main drivers of the cycling world and crucial to Giant brands and business. More resources will be allocated to develop all-rounder models with advanced aerodynamics and endurance. Also, we will continue to sponsor UCI road races to demonstrate our world-class competitiveness. With in-house components and Power Meter, we will launch performance level road bikes with higher value.

For Gravel and Cyclocross bikes, Giant will roll out variations of Revolt Advanced. The frenzy for gravel bike continues in the U.S. and spread to global markets, creating a greater business opportunity. The all-new Revolt Advanced X aims to satisfy a wider group of Gravel lovers with its unique pursue on both efficiency and maneuverability to meet the demand for gravel competitions, fun and challenges.

For new model in the mountain bike series, Giant will deliver models specific for Enduro competitions. The expansion of the 29er mountain bike market worldwide persists and with challenging trail tracks, we see robust developments in Enduro competitions, which have become the main battlefield for innovations of Giant MTB products. The brand-new Enduro model will deliver more comprehensive versatility and cyclocross performance, aiming to meet demands of professional athletes and conquer extreme trails of all kinds.

Riding on the popularity of Langma rolled out last year, the female-specific brand, Liv, will allocate more resources on road races, including sponsoring the world-class female teams of Bike Exchange and Liv Racing. With more research and development on road bikes this year, we can offer top athletes and female consumers superb riding experience to outperform themselves.

As for mix-terrain and mountain bike series, Liv will spend more resources on promoting new products, enhancing exercise and commuter bikes as well as adding diversity to trail riding resources, e.g., more options in terms of wheel size and suspension travel for a wider variety of riding experience.

E-bike has grown substantially in recent years. To expand brand advantage, we will extend our scope to include Internet of Bikes (IoB) in 2022. By strengthening the connections between Rider, Bike and Store, we can offer more comprehensive after-sales services and consumer experience as well as a smarter and more convenient link between E-bikes and rider's apparel and bike gears. Also, the EnergyPak Smart 800 integrated battery will make its debut. Designed with industry-leading battery technology, the product is smaller in size but with a longer riding range and lifespan. The latest SyncDrive Sport motor has an improved torque but a significant reduction in weight. As for the Smart Gateway technology, it allows E-bike to enjoy more flexibility and freedom. Consumers can upgrade their gears through E-bike Gear, e.g., to acquire high-capacity batteries, range extender batteries, controllers and screens, where components are compatible and can be interconnected. They can thus have infinite possibilities when it comes to building their own E-bikes. The flagship models to be unveiled this year, Trance X Advanced E+ EL and Intrigue X Advanced E+ EL, will be the Group's first high-end, lightweight e-mountain bike of carbon composite with full-suspension. It is guaranteed to be a market sensation as well as 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 brand-new carbon wheelsets for road bikes and performance level tubeless tires to complete our product lines and offer a better riding experience for upscale riders.

As for in-house components, Giant concentrates on the research and development of high-end components and constantly introduces the most advanced and trendy products. Our aggressive expansion in the carbon wheelsets and saddles for road bikes and gravel bikes is supported by our profound competence in the manufacturing of carbon composite and aluminum alloy parts. Based on such experience, we dive into the development of suspension components for mountain bikes. Our persistent effort in high-end components fortifies our industry-leading position in all types of bikes and delivers superb riding experience to consumers.

In response to the increasing eco-friendly commuting demand, Momentum introduced pakyak e+, the first cargo e-bike, this year. Consumers can choose from a series of accessories based on their own needs. The new model provides an easier and more interesting alternative to cars.

Taiwan's export volume of bicycles has rebounded strongly due to changes in the economic environment and green awareness. Average unit price for export has also raised steadily, proving Taiwan's leading position in high-end bicycles. In recent years, we have seen a continual explosive growth in E-bike exports which drives industry growth. Approximately 987 thousand units of E-bikes were exported from Taiwan in 2021, which was equivalent to US\$1.31 billion in dollar amount, up 33.2% from 2020. The combination of Taiwan's profound expertise in manufacturing traditional bikes and its technological competence would guarantee the acceleration of E-bike supply in Taiwan.

(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.

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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\$1,041,133 thousand in 2021
2. Technologies or products development strategies

Our product development in 2021 focused on the mainstream market with product value enhancement set as our design benchmark in pursuit of scale expansion.

Giant achieved impressive results with respect to Road bikes in 2021. Riding on thriving market, the sales of Giant's three major road bike models - Defy, TCR and Propel continued to soar. Of which, the endurance model of Defy successfully established itself in the Asia market and became a true global model. Sales of the all-time favorite TCR bikes remained robust with market shares moving up in all major markets. The average unit price of Propel, the premium aero road bike model, set a new high. The model now stands for luxury road bikes.



The new bike of the Gravel/Cyclocross series, Revolt Advanced Pro, made its debut successfully. Aiming at the trend of intensifying gravel road races, the model is created precisely for the needs of target customers. In the red oceans of gravel bikes, it successfully carves out market shares in the major markets to become the growth engine of Giant in this segment.

For mountain bikes, Giant explores new trail market with Trance 29. Trail mountain bike is the segment with the fastest changes and largest consumer groups among mountain bikes. With its unique short-travel design, Trance 29 pursues singletrack speed performance on trails, which differentiates it from homogeneous products in the mountain bike market. Its bold product appeal and marketing make it a favorite among media and bikers and successfully maintain the dominant position of Trance models.



The Group demonstrated its solid foundation and innovations in E-bike again through Trance X Advanced E+ which was released during the product conference in France in September, attracting the attention of many well-known cycling and E-bike media worldwide. It was the Group's first carbon composite e-mountain bike equipped with full suspension. With new motor technology and ultimate control, traction and crossover, users can demonstrate their skills and enjoy the speed at steep or complex terrains.

By upholding the design philosophy of "For Women, By Women, With Women", Liv continues to introduce bikes and professional apparels best suited for women. In 2021, it launched the long-awaited star product, the second-generation Langma model. The new model enhances aero advantages plus lightweight performance and improves frame geometry based on female body data, allowing the world-class female cycling team, Liv Racing, to achieve many impressive results during the competition season and for riders to set new personal records.



In response to the cycling boom triggered by the pandemic, Liv works on providing a broader range of products to consumers with sporting or commuting needs, including the city and hybrid bike of Alight. Equipped with comfortable saddle and handlebar designed for exercise and commuting, the model can satisfy all types of riding needs on level roads. Embolden, the professional entry level mountain bike with dual suspension, comes with two different wheel sizes, 27.5-inch and 29-inch, plus specifications for trail riding, attracting more females to take up trail riding.

In terms of E-bike, Liv adopts the concept of Liv Electrified and launches full ranges of female-specific E-bikes. On top of advanced models, there are also Allure E+ which is perfect for city riding and Tempt E+ 24/26. They meet cycling demand under different circumstances and entice more females to take on cycling.

Liv offered complete and diverse apparel products in 2021. Besides the eye-catching cycling apparels which came in limited editions, Liv also made an attempt at the playful Mix & Match style. Whether it's the premium Vantage series or Energize products for mountain bike, jersey and shorts all come in many different colors. Female riders can have the fun of choosing apparels to reflect their mood.



Momentum continues to thrive in the lifestyle E-bike segment. Pakyak e+, the first cargo e-bike, was introduced in the North American market this year. Whether it is taking kids to kindergarten, travelling with pets or even carrying heavy items, Pakyak e+ can satisfy different lifestyles with a complete selection of accessories. The model is designed with low step, easy sizing adjustments and better control. Comparing to the general e-bikes, it manages to offer

more stable and smooth riding experience even when loaded with weights. The model is also equipped with the first-ever integrated design for a second battery mount which is waterproof and can be used for storage, giving consumers the option to carry two batteries. The design has won wide acclaims from media and consumers. In terms of safety features, the standard design of Pakyak e+ comes with front and rear lights, the exclusive double-leg kickstand and more powerful brakes, offering users a safer riding experience whether it is used to carry goods or children.

To expand the product lines of advanced carbon composite wheelsets, the high-end component brand, CADEX, rolls out the CADEX 36 Disc Tubeless, featuring a hookless rim design with optimal 22.4mm internal width and 36mm depth and a weight of only 1,302 grams. It delivers unbeatable acceleration and climbing efficiency. To complete the product lines of the brand and satisfy the diverse demand from modern road cyclists, there are also the ultralight top-notch CADEX Race handlebar for road bikes and CADEX AR handlebar for all-road riding. The extreme lightweight of the former gives riders an absolute competitive advantage whereas the latter provides better controls for longer rides on broken asphalt or mixed surfaces.



(4) Long and short-term business plans

The Company’s long-term objective is to be modern cycling service brand who can dialog with end user. Leverage E-comm, GIANT ID, digital marketing to connect with consumers. We aim to build Eco system of cycling and continue to focus on the research, development, innovation of one and only products and search for new growth driver. Create the new cycling culture and bring the joy of cycling to worldwide consumers.

The short-term business plans are establishment of Vietnam factory to complete the worldwide production base, building automated production and reshaping of the European supply chain to enhance the Group’s overall competitiveness in manufacturing and supplies. For sales, we will continue to build distribution channel to the world and strengthen digital marketing. By offering innovative products to satisfy consumers’ demand through our four main brands: Giant, Liv, Momentum and CADEX, we can lead the trend of cycling and provide touching service to consumers by intergration of online and offline channels. We also perform ESG project and take action in carbon inventory and reduce th emission of GHG. Giant can be the model of ESG brand. 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

A 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	885	17,530,304	21.42%
Europe	1,316	30,565,513	37.35%
Asia	1,866	20,556,967	25.12%
Taiwan	150	3,573,784	4.37%
Others	719	9,613,302	11.74%
Total	4,936	81,839,870	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 consumers’ cycling requirements worldwide. Regardless of the environment or purpose of the rides, consumers can find a bike that meet and satisfy their needs through the unique “Giant Cycling World”.

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

(2) Production advantage

The Company was founded as a manufacturer. It started with 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 encompasses 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 benefits product sale

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

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

Countermeasures:

Giant continues to organize Cycling Day events and promote the eco-friendly features of bikes through industry association, Cycling Lifestyle Foundation and the media. We encourage consumers to choose bikes over cars and motorcycles to maintain the quality of our environment. In the meantime, we continue to develop eco-friendly products, such as E-bikes that run on electricity without creating any pollution, to 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	In-house; domestic and foreign suppliers	Stable
Control systems and wheelsets	Handlebar, handlepost, saddle, seat post, rim, gear, steel wire, tire and tube	In-house; domestic and foreign suppliers	Stable
Drivers and suspension systems	Brake lever, rim brake, brake wire, disk brake, suspension fork, rear suspension	Domestic and foreign suppliers	Slightly tight for disk brake, suspension fork and rear suspension while the rest remains stable
Transmission systems and others	Front and back derailleur, shifter, shifter cable, spur gear, chain, freewheel, pedal, etc.	Domestic and foreign suppliers	Slightly tight for front and back derailleur and freewheel while the rest remains stable
E-systems	Motor, batteries, panel/display, controller	Domestic and foreign suppliers	Slightly tight

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

Main suppliers in the last two years

Unit: NTD thousands

Item	Name (Note 1)	2020			2021			
		Amount	% of annual net purchases [%]	Relationship	Name (Note 1)	Amount	% of annual net purchases [%]	Relationship
1	G2955	6,616,698	12.29	3rd party	G2955	8,582,854	9.91	3rd party
	Others	47,225,405	87.71		Others	78,040,485	90.09	
	Net purchase	53,842,103	100.00		Net purchase	86,623,339	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	Name (Note 1)	2020			2021			
		Amount	% of annual net sales [%]	Relationship	Name (Note 1)	Amount	% of annual net sales [%]	Relationship
1	G3001	11,067,452	15.81	3rd party	G3001	14,366,125	17.55	3rd party
2	G3002	8,784,404	12.55	3rd party	G3002	8,367,707	10.22	3rd party
	Others	50,158,993	71.64		Others	59,106,038	72.23	
	Net sales	70,010,849	100.00		Net sales	81,839,870	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	2020			2021		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Bikes		5,500	4,901	55,883,736	6,200	6,061	59,397,534
Materials		-	-	4,455,825	-	-	6,102,091
Total		5,500	4,901	60,339,561	6,200	6,061	65,499,625

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

Note 2: Production of Bikes include completed bikes and frames.

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

Unit: NTD thousands; thousand units

Main products	2020		2021		2020		2021	
	Domestic sale		Export sale		Domestic sale		Export sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Bikes	131	1,661,064	4,340	61,839,252	150	1,729,136	4,786	71,928,880
Materials	-	-	-	4,190,452	-	-	-	6,102,184
Others	-	2,078,582	-	241,499	-	1,844,648	-	235,022
Total	131	3,739,646	4,340	66,271,203	150	3,573,784	4,786	78,266,086

3. Employees:

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

	Year	2020	2021	Year-to-date March 30, 2022
Employee count	Managers	254	253	247
	Staff	2,626	2,845	3,205
	Workers	9,149	9,843	9,722
	Total	12,029	12,941	13,174
Average age		34.88	35.33	35.9
Average years of service		5.86	6.29	6.25
Academic background (%)	Doctoral Degree	0.02	0.02	0.02
	Master's Degree	1.98	2.02	1.99
	Bachelor's Degree	17.57	16.5	17.18
	Senior High School	47.58	47.32	42.09
	Below senior high school	34.83	34.14	38.72

4. Contribution to environmental protection:

(1) In 2021 and up to the publication date of this annual report, the Company paid a fine of NT\$1,386 thousand due to a violation of provisions in Paragraph 1, Article 7 of the Water Pollution Control Act with suspended solids and fluorine exceeding the standards as stated in No. Environmental-Water-1100000246 issued by the Taichung City Government in January 2021. The outcomes of other samplings had all complied with the standards. Action plans: In response to rapid changes in market demand and products, the Company will continuously 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 accident, production processes are carried out with tight control over pollution sources and the goal of source reduction. Wastewater and gas generated during the processes are treated to meet relevant standards before being discharged.

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

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

For safety and health educational training in Taiwan, 2,580 employees participated in safety awareness promotion with a total of 5,159 training hours and 154 employees participated in the training for profession licenses with a total of 882 training hours in 2021. Safety, health and environment protection activities were held both on and off the premises and improved pursuant to guidance and principles of OSH management systems (ISO 45001/TOSHMS/CNS 45001).

(2) Reduce environmental pollution:

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

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

Industrial waste of Giant's Taiwan factories is handled by institutions approved by the Environmental Protection Administration.

We improve energy efficiency as well as the recycling and reuse of energy by adopting heat recovery exchange units to collect waste heat from steam gas boilers and cold recovery exchange units with liquid nitrogen for energy reuse.

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

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

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

The Giant Group actively invests in green (solar) power generation facilities as an implementation of ESG policy and carbon reduction as well as contributions to environmental protection. The sum of annual electricity to be generated from facilities already contracted or scheduled to be contracted amounts to 2,890 MWh in Taiwan and 4,500 MWh in China for an investment amount of NT\$116.5 million.

(5) Use of eco-friendly packaging materials:

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

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

(6) Regular environmental assessments:

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

(7) Occupational Safety and Health Committee:

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

(8) Dedicated environmental protection and OSH units:

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

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

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

Headquarters at the Central Taiwan Science Park:

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

Giant's factories in Taiwan:

- a. Adopt energy-saving facilities (lighting systems, motors, air compressors, air conditioning and inverters)
- b. Adopt 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)
- e. Replace old lighting systems with energy-saving lighting
- f. Replace air conditioning with inverter-type air conditioners and effectively control and maintain temperature at an energy-saving level
- g. Gradually replace air compressors with inverter-type models and streamline management and equipment maintenance
- h. Use CNS14400-certified IE3 energy-saving motors as regulated
- i. Replace the old heavy oil-based boilers with natural gas-based models
- j. Replace dry dust collectors with wet dust collectors for better control efficiency

Giant Taiwan:

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

Youth Logistics Center:

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

Factories in China:

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

(10) 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 use of YouBike cuts CO₂ by 84,000 tonnes (based on motorcycle emission rate). The reduction is several times higher than the emissions from factories. We have achieved excellent efficiency.

The Company took aggressive measures to reduce carbon emission. The quantitative targets for future years: The Company expects to lower GHG by 10%, carbon emission of factories by 15%, and water consumption by 20% by 2022.

Measures taken to achieve the targets:

Giant's factories in Taiwan

a. We have gradually added exhaust gas treatment devices as part of our pollution control facilities since 2018. In terms of air pollution control equipment, the Company spent NT\$75 million on RTOs in 2021, which can remove over 95% of VOCs and thereby improve air quality and enhance the level of environmental friendliness. The total investment is estimated to be NT\$150 million to effectively lower the emissions of particle matter, 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 models. GHG reduction: 60 tCO₂e/year, and savings of NT\$330,000/year

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

Emissions of Giant's factories in Taiwan in the past two years are as follows:

Items	2020	2021	Changes
GHG emission	16,400 t/year	28,000 t/year (Note)	-
Water consumption	648,000 t/year	511,000 t/year	-21.1%
Total waste	5,320 t/year	6,052 t/year	1.14%

Note: The Company adopted operational boundary defined in ISO14064-1:2006 in 2020 and adopted ISO14064-1:2018 in 2021 to conduct inventory. As the boundary has changed, the outcome is not comparable to the data of previous year.

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

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

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

5. Labor-management relations:

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

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

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 sites. We support and abide by international labor rights standards, protect employees' legal rights and adhere to non-discrimination employment policy. We have drawn up and disclosed human right policy and conduct risk assessments regularly in hope to run a sustainable business where employees can work at ease with a sense of stability.

(2) Work hours: The Company gives employees the flexibility of adjusting work hours to suit their needs, 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 employee bonus: The Company has drawn up profit-sharing rules which reflect business performance and build the foundation for mutual trust to promote employee participation.
- The Articles of Incorporation state that 6 to 12 % of the Company's annual profits, if any, shall be appropriated as employee compensation. In 2021, employee compensation was accrued at 7.2% with an amount of NT\$558,392,774 to be distributed in cash.
- Differential compensation: Reward employees with competence and contributions.
- A broad range of subsidies: Subsidies for weddings, funerals, celebrations, childbirth, illness or injury, major festivals, birthday, reference book, club activities, and childcare as well as scholarship for children of employees.
- Employee discounts on Company products and subsidies for cycling tours.
- Special discounts at contracted shops.
- Free visits to the Cycling Culture Museum with employee badges.

(5) Day-to-day care:

- Health is the most valuable asset to everyone, which is why the Company organizes health checkups and promotes health awareness on a regular basis.
- The Company also provides group insurance to cover employees' personal safety.

- Canteens are available at business premises and a variety of nutrition-balanced meals is provided.
- Shuttle bus service has been arranged for the convenience of employees living nearby.
- Mental consultation sessions are provided regularly. Employees can make online reservations and relieve emotional stresses through consultation.

(6) Employee training and education:

At Giant, we offer a diverse learning environment where employees can constantly enhance their competence for the challenges ahead.

- Joyful and useful learning: We emphasize on the motivation and joy in learning, and teach skills that are practically useful in life. It is our hope to improve employees' personal competence in ways that support their future career development.
- Learning through practice: We encourage employees to learn through practice and hands on experience, and accumulate real experience that may prove useful in their future career advancement.
- Tolerance: We believe in employees' ability to 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.

6. Information security management:

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

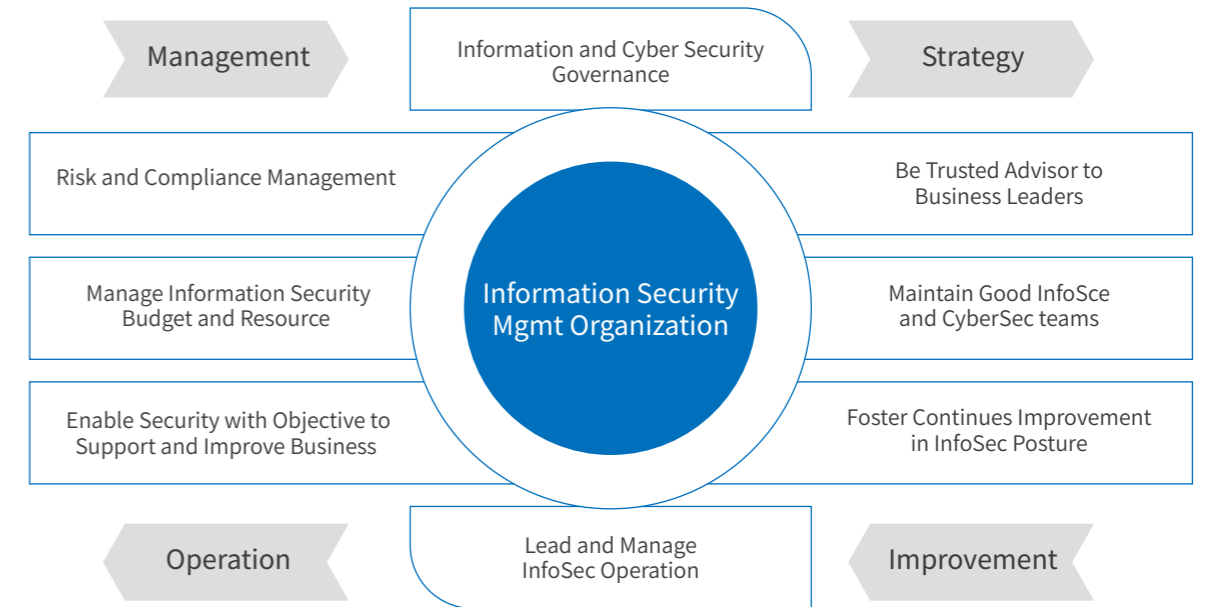
1. Information security management structure

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

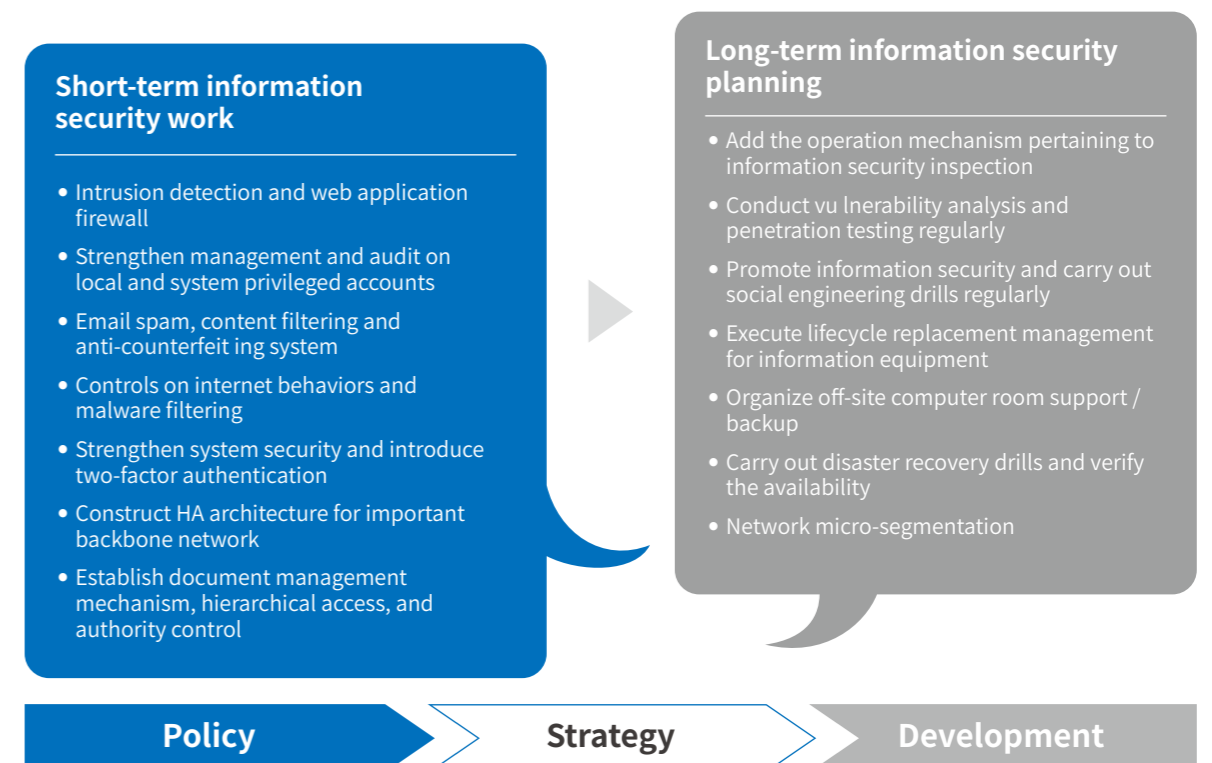
- (1). Global Information Center is the unit responsible for information security. The Company has assigned one chief information officer and a dedicated staff to formulate internal information security management policy, organize and execute information security operation as well as promote and implement information policies.
- (2). Internal Audit Office is the supervisory unit for information security. The Office has one audit officer and several dedicated staffs. It is responsible to supervise the implementation of internal information security measures and regularly report to the Audit Committee on the outcome of safety inspection. Where deficiencies are identified, the unit under inspection is required to submit improvement and action plans. Improvements would be monitored regularly to mitigate internal information risk.



2. Information security management strategy



3. Information security management plan



4. Information security management measures

- (1). Establish an information security task force to formulate relevant management policies and implementation plans, thereby ensuring information security.
- (2). Handle personal information prudently in accordance with the Personal Data Protection Act.
- (3). Passwords are required for both personal computers and servers and anti-virus software shall be installed. Passwords and virus patterns shall be updated regularly.
- (4). Comply with regulations pertaining to intellectual property rights and ensure all computer software programs installed are licensed copies.

- (5). Carry out backup and inventory of important data, and regularly verify the validity of the backup.
- (6). Conduct regular drills in accordance with the “Information Disaster Emergency Response Plan” to facilitate rapid recovery of system in the event of an information security incident.
- (7). Regularly promote information security to increase employees’ awareness on relevant matters and legal issues.
- (8). The Company is currently conducting an information security risk assessment.

(2) Loss, impacts and action plans due to major cyber security incidents in the most recent year and up to the publication date of this annual report, and where the amount cannot be reasonably estimated, please specify the reasons: None.

7. Major contracts:

Contract nature	Parties	Contract start/end date	Main contents	Restrictive clauses
1. Cycling team sponsorship contract	CONTINUUM SPORTS LLC ARCOIRIS CYCLING B.V.	From: January 2019 To: December 2021	Sponsoring of professional cycling teams Liv Racing team	None



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)				
		2017	2018	2019	2020	2021
Current assets		35,877,494	39,132,740	42,635,282	45,399,224	58,062,286
Property, plant and equipment (Note 2)		8,264,758	9,183,491	10,587,542	11,964,933	12,181,556
Intangible assets		212,653	210,389	469,860	453,506	561,987
Other assets (Note 2)		3,433,027	4,108,615	5,337,466	4,684,125	6,393,602
Total assets		47,787,932	52,635,235	59,030,150	62,501,788	77,199,431
Current liabilities	Before	24,022,593	27,189,407	30,414,567	28,037,774	40,450,034
	After	25,335,319	28,914,704	32,139,864	31,038,291	44,200,680
Non-current liabilities		2,757,756	3,176,893	5,151,421	7,503,156	7,096,312
Total liabilities	Before	26,780,349	30,366,300	35,565,988	35,540,930	47,546,346
	After	28,093,075	32,091,597	37,291,285	38,541,447	51,296,992
Equity attributable to the parent company shareholders		19,619,519	20,806,034	21,843,084	25,173,298	27,475,816
Share capital		3,750,646	3,750,646	3,750,646	3,750,646	3,750,646
Capital reserves		1,804,659	1,806,688	1,803,097	1,792,401	1,792,401
Retained earnings	Before	15,066,901	16,620,428	18,244,548	21,568,375	24,454,964
	After	13,754,175	14,895,131	16,519,251	18,567,858	20,704,318
Other equity items		(1,002,687)	(1,371,728)	(1,955,207)	(1,938,124)	(2,522,195)
Treasury stocks		-	-	-	-	-
Non-controlling interests		1,388,064	1,462,901	1,621,078	1,787,560	2,177,269
Total equity	Before	21,007,583	22,268,935	23,464,162	26,960,858	29,653,085
	After	19,694,857	20,543,638	21,738,865	23,960,341	25,902,439

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

Note 1: Highlight unaudited financial data where appropriate.

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

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

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

Balance Sheet – The Parent Company only

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		7,391,497	8,155,893	11,434,251	11,163,249	17,629,101
Property, plant and equipment (Note 2)		2,081,994	2,553,044	3,409,869	3,853,656	3,937,729
Intangible assets		21,115	17,858	275,362	261,435	273,943
Other assets (Note 2)		20,370,487	22,110,042	23,141,556	24,747,448	27,118,633
Total assets		29,865,093	32,836,837	38,261,038	40,025,788	48,959,406
Current liabilities	Before	9,386,781	11,092,767	14,156,334	12,015,552	18,059,490
	After	10,699,507	12,818,064	15,881,631	15,016,069	21,810,136
Non-current liabilities		858,793	938,036	2,261,620	2,836,938	3,424,100
Total liabilities	Before	10,245,574	12,030,803	16,417,954	14,852,490	21,483,590
	After	11,558,300	13,756,100	18,143,251	17,853,007	25,234,236
Equity attributable to shareholders of the parent company		19,619,519	20,806,034	21,843,084	25,173,298	27,475,816
Share capital		3,750,646	3,750,646	3,750,646	3,750,646	3,750,646
Capital reserves		1,804,659	1,806,688	1,803,097	1,792,401	1,792,401
Retained earnings	Before	15,066,901	16,620,428	18,244,548	21,568,375	24,454,964
	After	13,754,175	14,895,131	16,519,251	18,567,858	20,704,318
Other equity items		(1,002,687)	(1,371,728)	(1,955,207)	(1,938,124)	(2,522,195)
Treasury stocks		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before	19,619,519	20,806,034	21,843,084	25,173,298	25,475,816
	After	18,306,793	19,080,737	20,117,787	22,172,781	21,725,170

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

Note 1: Highlight unaudited financial data where appropriate.

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

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

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

Consolidated Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2017	2018	2019	2020	2021
Net sales		55,211,771	60,239,417	63,449,533	70,010,849	81,839,870
Gross profit		11,038,691	12,491,652	13,656,944	16,168,746	19,764,139
Operating profit		2,949,922	3,903,549	4,732,283	6,858,273	8,709,287
Non-operating revenues and expenses		(47,361)	341,546	77,420	(25,407)	19,173
Pre-tax profit		2,902,561	4,245,905	4,809,703	6,832,866	8,728,460
Net income from continuing operations		2,076,979	2,968,463	3,594,697	5,175,909	6,307,509
Loss from discontinued operations		-	-	-	-	-
Net income (loss)		2,076,979	2,968,463	3,594,697	5,175,909	6,307,509
Other comprehensive income/loss (net, after tax)		109,117	(397,801)	(668,125)	122,570	(614,765)
Total comprehensive income for the current period		2,186,096	2,570,662	2,926,572	5,298,479	5,692,744
Net income attributable to shareholders of the parent company		2,054,269	2,863,907	3,374,633	4,948,959	5,930,074
Net income attributable to joint control of predecessor shareholders		19,892	-	-	-	-
Net income attributable to non-controlling shareholders		2,818	104,556	220,064	226,950	377,435
Comprehensive income attributable to shareholders of the parent company		2,168,185	2,497,212	2,765,938	5,066,207	5,303,035
Comprehensive income attributable to joint control of predecessor shareholders		14,575	-	-	-	-
Comprehensive income attributable to non-controlling shareholders		3,336	73,450	160,634	232,272	389,709
Earnings per share (NT\$)		5.48	7.64	9.00	13.19	15.81

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

Note 1: Highlight unaudited financial data where appropriate.

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

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

The Parent Company only Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2017	2018	2019	2020	2021
Net sales		19,573,873	22,402,984	25,865,158	28,014,958	34,865,724
Gross profit		2,414,664	3,124,421	3,152,102	3,632,396	5,293,125
Operating profit		485,480	1,206,142	1,067,103	1,625,813	2,442,597
Non-operating revenues and expenses		1,741,165	2,431,676	2,677,867	4,158,093	4,595,296
Pre-tax profit		2,226,645	3,637,818	3,744,970	5,783,906	7,037,893
Net income from continuing operations		2,074,161	2,863,907	3,374,633	4,948,959	5,930,074
Loss from discontinued operations		-	-	-	-	-
Net income (loss)		2,074,161	2,863,907	3,374,633	4,948,959	5,930,074
Other comprehensive income/loss (net, after tax)		108,599	(366,695)	(608,695)	117,248	(627,039)
Total comprehensive income/loss for the current period		2,182,760	2,497,212	2,765,938	5,066,207	5,303,035
Net income attributable to shareholders of the parent company		2,054,269	2,863,907	3,374,633	4,948,959	5,930,074
Net income attributable to joint control of predecessor shareholders		19,892	-	-	-	-
Comprehensive income attributable to shareholders of the parent company		2,168,185	2,497,212	2,765,938	5,066,207	5,303,035
Comprehensive income attributable to joint control of predecessor shareholders		14,575	-	-	-	-
Earnings per share (NT\$)		5.48	7.64	9.00	13.19	15.81

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

Note 1: Highlight unaudited financial data where appropriate.

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

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

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

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

2. Financial analysis for the last 5 years

(1) Based on IFRS

Consolidated financial analysis

Analysis (Note 3)	Year (Note 1)	Financial analysis for the last 5 years				
		2017	2018	2019	2020	2021
Financial position (%)	Debt to assets ratio	56.04	57.69	60.25	56.86	61.59
	Long-term capital to property, plants and equipment	270.76	261.15	254.96	273.10	283.81
Solvency (%)	Current ratio	149.35	143.93	140.18	161.92	143.54
	Quick ratio	85.52	83.31	82.88	93.96	64.77
	Interest coverage ratio	16.97	16.03	16.55	29.63	41.20
Operating efficiency	Accounts receivable turnover (times)	4.55	4.55	4.37	5.12	6.01
	Average cash collection days	80.21	80.21	83.52	71.28	60.73
	Inventory turnover (times)	2.92	3.04	2.93	2.98	2.46
	Accounts payable turnover (times)	7.15	7.29	7.57	7.44	7.23
	Average inventory turnover days	125	120.06	124.57	122.48	148.37
Profitability	Property, plant and equipment turnover (times)	6.86	6.90	6.42	6.21	6.78
	Total assets turnover (times)	1.17	1.20	1.14	1.15	1.17
	Return on assets (%)	4.64	6.10	6.46	8.44	8.71
	Return on equity (%)	10.38	14.17	15.83	21.05	22.53
	Pre-tax profit to paid-in capital (%) (Note 7)	77.39	113.18	128.24	182.18	232.72
	Net profit margin (%)	3.72	4.75	5.32	7.07	7.25
	Earnings per share (NTD)	5.48	7.64	9.00	13.19	15.81
Cash flow	Cash flow ratio (%)	12.26	9.91	6.37	40.65	-12.26
	Cash flow adequacy ratio (%)	90.17	69.12	52.72	88.38	36.47
	Cash reinvestment ratio (%)	3.47	4.16	0.57	21.98	-16.79
Degree of leverage	Operating leverage	3.85	3.54	2.91	2.33	2.48
	Financial leverage	1.07	1.08	1.07	1.04	1.03

Explanation to major variations in the last two years:

- 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.
- The change of cashflow ratio: Due to the increase in material purchasing and dividends.

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

Note 1: Highlight unaudited financial data where appropriate.

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

Note 3: Formulas of various analysis are defined below:

The Parent Company only financial analysis

Analysis (Note 2)	Year (Note 1)	Financial analysis for the last 5 years				
		2017	2018	2019	2020	2021
Financial position (%)	Debt to assets ratio	34.31	36.64	42.91	37.11	43.88
	Long-term capital to property, plants and equipment ratio	983.59	851.69	706.91	726.85	784.71
Solvency (%)	Current ratio	78.74	73.52	80.77	92.91	97.62
	Quick ratio	52.98	48.70	52.51	53.28	51.53
	Interest coverage ratio	66.76	79.59	88.16	110.60	135.28
Operating efficiency	Accounts receivable turnover (times)	4.44	4.85	4.67	4.85	4.96
	Average cash collection days	82.21	75.26	78.16	75.26	73.58
	Inventory turnover (times)	7.34	7.75	6.80	5.63	4.56
	Accounts payable turnover (times)	6.27	6.54	6.81	6.05	6.45
	Average inventory turnover days	49.73	47.10	53.68	64.83	80.04
	Property, plant and equipment turnover (times)	9.71	9.67	8.68	7.71	8.95
	Total assets turnover (times)	0.65	0.71	0.73	0.72	0.78
Profitability	Return on assets (%)	6.87	9.25	9.60	12.76	13.43
	Return on equity (%)	10.38	14.17	15.83	21.05	22.53
	Pre-tax profit to paid-in capital (%) (Note 7)	59.37	96.99	99.85	154.21	187.64
	Net profit margin (%)	10.49	12.78	13.05	17.67	17.01
	Earnings per share (NTD)	5.48	7.64	9.00	13.19	15.81
Cash flow	Cash flow ratio (%)	13.57	9.23	6.82	24.19	-16.77
	Cash flow adequacy ratio (%)	46.35	37.0	20.13	31.59	5.78
	Cash reinvestment ratio (%)	-	-	-	3.96	-18.16
Degree of leverage	Operating leverage	5.97	2.94	4.42	3.29	2.71
	Financial leverage	1.07	1.04	1.04	1.03	1.02

Explanation to major variations in the last two years:

- 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.
- The change of cashflow ratio: Due to the increase in material purchasing and dividends.

Note 1: Highlight unaudited financial data where appropriate.

Note 2: Formulas of various analysis are defined below:

Below are the formulas used in various financial analysis:

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

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

- Weighted average outstanding common shares are used, instead of year-end outstanding shares.
- 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.
- 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.
- 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:

- Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
- Capital expenditures refers to the amount of annual cash outflow for capital investments.
- 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.
- Cash dividends include cash dividends to both ordinary shares and preferred shares.
- 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 2021

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, 2021. 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 138~209 of this annual report.

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

Please refer to pages 210~ 277 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	Year	2020	2021	Variation	
				Amount	%
Current assets		45,399,224	58,062,286	12,663,062	28%
Fixed assets		11,964,933	12,181,556	216,623	2%
Intangible and other assets		5,137,631	6,955,589	1,817,958	35%
Total assets		62,501,788	77,199,431	14,697,643	24%
Current liabilities		28,037,774	40,450,034	12,412,260	44%
Total liabilities		35,540,930	47,546,346	12,005,416	34%
Share capital		3,750,646	3,750,646	0	0%
Capital reserves		1,792,401	1,792,401	0	0%
Retained earnings		19,630,251	21,932,769	2,302,518	12%
Total shareholders' equity		26,960,858	29,653,085	2,692,227	10%

Explanation to major variations:

- (1) Increase in current assets was mainly due to the inventory stocking in response of material shortage, and the disruption of logistics.
- (2) Increase in intangible assets was mainly due to the implement of new ERP system.
- (3) Increase in other assets was mainly due to increase in deferred tax assets and prepayment of equipments.
- (4) Increase in current liabilities was mainly due to increase in short-term loans to support the operating scale expansion.

Future Plan on Financial Position:

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

2. Comparative analysis of financial performance

Unit: NT\$ thousands

Item	Year		Variation	Variation (%)
	2020	2021		
Net sales	70,010,849	81,839,870	11,829,021	17%
Cost of goods sold	53,842,103	62,075,731	8,233,628	15%
Gross profit	16,168,746	19,764,139	3,595,393	22%
Operating expenses	9,310,473	11,054,852	1,744,379	19%
Operating profit	6,858,273	8,709,287	1,851,014	27%
Non-operating income and expenses	(25,407)	19,173	44,580	-175%
Pre-tax profit	6,832,866	8,728,460	1,895,594	28%
Income tax	1,656,957	2,420,951	763,994	46%
Net income	5,175,909	6,307,509	1,131,600	22%

1. Explanation to major variations:

The strong bikes demand of 2021 had positive impact of capacity utilization and the increased of average selling price, both had helped to improve the gross margin. Compared to last year, Giant's net income had shown great improvement that mainly due to the significant growth of operating profit, and decrease of expense rate which benefit from the expansion of sales scale.

However, non-operating income and expenses decreased mainly due to unfavorable exchange.

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

The rapidly change of political and economic environment, Russian-Ukrainian War, are hitting economies around the globe. Inflation, lift rates of the Fed, the material stock spikes continues due to unstable supply chain, will have the impact to Giant group and brings the challenges in operation.

Facing the uncertainty and volatility, it is crucial to enhance the resilience of the Company. Improve the inventory management to strengthen the flexibility. In addition, initiate the fund raising plan to ease the pressure of working capital and improve the financial structure for well-preparation of future investment.

3. Cash flow review and analysis

(1) Liquidity analysis for the last 2 years

Item	Year		Variation (%)
	2020	2021	
Cash flow ratio (%)	40.65	(12.26)	(130)%
Cash flow adequacy ratio (%)	88.38	36.47	(59)%
Cash reinvestment ratio (%)	21.98	(16.79)	(176)%

Explanation to major variations:

1. Cash flow-related ratios decreased is mainly due to the purchasing of material and the payment of dividends which result in net cash inflow from operating activities in 2021

(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
7,714,386	6,658,331	15,539,811	(1,167,094)	-	Fund raising

1. Analysis of cash flow variation for the next year:
 (1) Operating activities: The Company expects to produce net cash inflow from the operating profit in 2022.
 (2) Investing activities: The Company expects to incur cash outflow from investing subsidiary and capital expenditures in 2022.
 (3) Financing activities: The Company expects to incur cash outflow from financing activities due to payment of both cash dividends and loan repayment in 2022.

2. Responsive measures and liquidity analysis for cash flow deficits:
 The Company expects to generate net cash inflow from operating activities in 2022. However, the net cash outflow from investing and financing activities due to capital expenditures and earnings distribution, will be funded through capital increasing and issuing the convertible bonds to repay for bank borrowings. In summary, the Company expects to maintain adequate cash flow in 2022.

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	
				2022 - budgeted	2021 - actual
				Replacement and renewal of property, automated production equipment, and work safety/environmental protection equipment	Working capital
Replacement/renewal of office and IT equipment	Working capital	2022.12	1,517,580	784,915	732,665
Investment in Giant distribution channel	Working capital	2022.12	299,891	139,856	160,035

(2) Expected benefits

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

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

The main consideration of the investment businesses of Giant are out of long-term operating strategy, the latest information is detailed in table 7 “Information on investees” of the consolidated financial statements of 2021.

The profit incurred on investments were mainly driven by strong bike demand, the revenue scale and raising of profitability. While the loss incurred on investments were caused by:

Unit: NTD thousands and foreign currency thousands

Description Item	(loss) incurred on investments	Main causes of profit or loss	Improvement plans	Other upcoming investment plans
YouBike Co., Ltd.	(3,295)	The outbreak of COVID-19 resulted in the decline of ride rate and had negative impact on revenues.	We expected the ride rate will go back to normal, and profit will be improved.	None.
Giant Light Metal Technology (Haian) Co., Ltd.	(42,622)	At the establishing period, the production was unable to achieve the economic scale.	Continuous input of equipments and human resources to increase the capacity.	None.
Giant Cycling Sports Services (Kunshan) Co., Ltd.	(672)	Under the liquidation procedure	Awaiting for the completion of liquidation.	None.
Jiangsu Giant Adventure Co., Ltd.	(6,423)	The outbreak of COVID-19 resulted in the decrease of group tour, had negative impact on revenues.	We expected to raise the selling price to improve profit, when the epidemic relief and the travel intension go back to normal.	None.
Quanzhou YouBike Co., Ltd.	(42,736)	The outbreak of COVID-19 resulted in the decreasing of ride rate, as well as the high maintenance cost, had caused great oprtating loss.	We expected the ride rate will go back to normal, and profit will be improved after the epidemic.	None.
Giant Light Metal Technology (Malaysia) Co., Ltd.	RMB(436)	To postpone the expansion of business considering to the outbreak of COVID-19 at the establishing period.	Expect for sales grow throug active expanding into new market.	None.
Microprogram Co., Ltd.	(8,402)	Intense market competition	Through develop new customers and products.	None.
Giant Manufacturing Hungary Ltd.	EUR (150)	The outbreak of COVID-19 resulted in the restriction of capacity that unable to meet the expected output.	Gradully improve the production efficiency to raise the capacity.	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:

- 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.
- Movements of the NTD exchange rate in 2021 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.
- Extracted from the Latest World Economic Outlook issued by IMF (International Monetary Fund), due to the supply disruptions and energy price hiked, the globe is facing its inflationary spike that has threatened to undermine the global economic growth. Though there might be impact on the willingness to consume, It is believed that the it will has no significant impact on the Company’s production and sales activities, for the bike itself is daily necessity in european and american regions, and also the first choice when it comes to high-energy-price.

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

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

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

Unit: NT\$ thousands

Project No.	R&D project	Projected expenses
1	Bikes and E-bikes R&D	
2	Development of rider gear and bike gear	1,182,669
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.

(5) Impacts of changes in technology (including cyber security risks) and industry on Company's finance and business and action plans:

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

In terms of manufacturing techniques, the Company heads towards smart manufacturing. We adopt basic components with IoT functions, automation, data management platform, and simulation analysis to accelerate the transformation, optimization, innovation and revolution of factories and shift towards smart factories. As for marketing, we intensify efforts on digital marketing, combine sports science with IoT, and use innovative technology to understand and satisfy consumer demand. The Giant Retailing Academy, an on-line school aiming to enhance the level of services at sales channel, is gradually introduced to local offices. We service our end customers by enhancing dealer's understanding of the Group brands and products. 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.

Assessment and analysis of information security risk and action plans:

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

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

The Company has long maintained a sound corporate and brand image. It moved one place up and ranked fourth in Taiwan's top ten brands, and continued to be the number one bicycle brand with a brand value of US\$670 million in the 2021 global brand value survey, a 19% 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 would swiftly organize an emergency task force and appoint a senior executive to be the convener.

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

None.

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

Under the wave of energy conservation and carbon reduction, the cycling industry is at a new cycle of growth. The Group will continue to expand abroad by increasing overseas production sites to enhance resilience and competitiveness. Our Vietnam factory is completed with its teams, information systems and equipment gradually taking shape. Mass production is scheduled to take place in the fourth quarter. However, we will closely monitor the progress of the pandemic and adjust our construction schedule accordingly due to uncertainties bring about by the pandemic along with varying levels of control imposed by governments. We will also keep track of changes in bike demand worldwide after the pandemic.

(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.

7. Other Significant Matters: None.



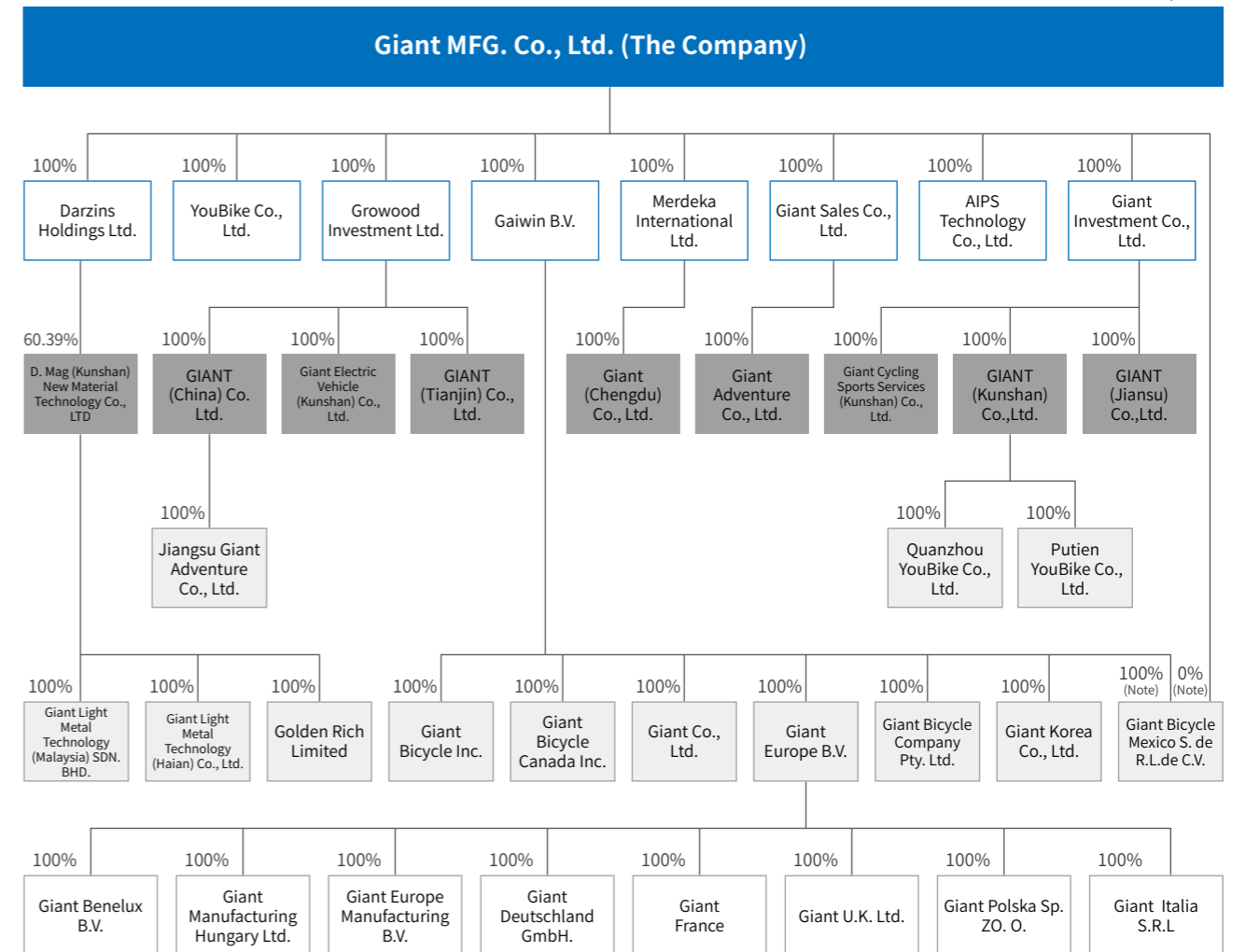
Eight. Special Remarks

1. Affiliated enterprise reports

(1) Consolidated business report

1. Affiliated enterprises chart

As at December 31, 2021



Note: Rounding to whole number

2. Profile of affiliated companies

Unit: NTD thousands and foreign currency thousands
As at December 31, 2021

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Giant Sales Co., Ltd.	1981.02.11	No. 117, Section 2, Henan Road, Xitun District, Taichung City	TWD 140,000	Sale of bikes and related products, and bicycle leasing service
AIPS Technology Co., Ltd.	2020.09.29	No. 901, Section 2, Zhongshan Road, Dajia District, Taichung City	TWD 500,000	Manufacturing and sales of sporting goods
Giant Adventure Co., Ltd.	2009.04.23	2F, No. 117, Section 2, Henan Road, Xitun District, Taichung City	TWD 10,000	Local and overseas travel service
YouBike Co., Ltd.	2015.10.23	6F, No. 117, Section 2, Henan Road, Xitun District, Taichung City	TWD 848,000	Bicycle leasing
GIANT (China) Co. Ltd.	1992.10.08	No. 1, Shunfan Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD 37,500	Manufacturing and sale of bikes and related products
D. Mag (Kunshan) New Material Technology Co., Ltd.	2013.06.17	No. 118, Pengxi South Road, Kunshan Economic Development Zone, Jiangsu Province	RMB 360,000	Manufacture and sale of products applied new type of alloys
Giant Light Metal Technology (Haian) Co., Ltd.	2019.07.31	No.188, Alishan Road, Haian Economic & Technological Development Zone, Jiangsu Province	RMB 110,000	Production and sale of new alloys, including semi-solid and superplastic aluminium
Giant (Chengdu) Co., Ltd.	2003.12.25	No. 327, Yidu Boulevard Central, Longquanyi District, Economic & Technological Development Zone, Chengdu City, Sichuan Province	USD 6,000	Sale of bikes and related products
Giant Electric Vehicle (Kunshan) Co., Ltd.	2005.10.08	No. 1, Yuehe South Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD 5,000	Manufacturing and sale of electric bikes and related products
GIANT (Tianjin) Co., Ltd.	2007.09.03	No. 12, Shunfan Road, Jinghai Economic Development Zone, Tianjin City	USD 12,000	Manufacturing and sale of bikes and related products
Giant Investment Co., Ltd.	2010.04.13	No. 889, Honghu Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD 88,500	Investment
GIANT (Kunshan) Co.,Ltd.	2010.08.27	No. 889, Honghu Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD 35,000	Manufacturing and sale of bikes and related products
Giant Cycling Sports Services (Kunshan) Co., Ltd.	2011.01.07	No. 1, Alley 168, Bajie Road, Bacheng Town, Kunshan City, Jiangsu Province	USD 1,000	Bicycle leasing; promotion of outdoor activities; sale of bikes and related products
Jiangsu Giant Adventure Co., Ltd.	2013.08.08	No. 1075, Bolu South Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	RMB 5,000	Travel service in China
Quanzhou YouBike Co., Ltd.	2016.03.07	Unit 303, Tiandimiao Street, Show, Ling, Quanzhou 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	USD 100	Sales of mid-to-high-end aluminum wheel hub products
Growood Investment Ltd.	1978.05.20	10 Anson Road #38-06 International Plaza Singapore 079903	SGD 26,619	Investment
Darzins Holdings Ltd.	1995.07.05	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	USD 14,889	Investment
Merdeka International Ltd.	1999.06.02	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 600	Investment; sale of bikes and related products
Giant Deutschland GmbH	1987.12.02	Mettmaner Strasse 25, 40699 Erkrath, Germany	EUR 256	Sale of bikes and related products
Giant France	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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Giant Benelux B.V.	2005.01.01	Pascallaan 66, 8218 Nj Lelystad. The Netherlands	EUR 230	Sale of bikes and related products
Giant Italia 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
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.

4-1. The giant group is one of the few in the industry that has a complete bicycle supply chain from research and development, manufacturing, marketing to sales. Therefore, the transaction within the group is mainly for the manufacturing bicycles and parts from factories to the sales companies around the world. The multiple production bases in the group can fully utilize the manufacturing resources of various places and play the biggest competitive advantage of each factory, and make good use of the supply chain of each factory to form a strong competitiveness.

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

5. Directors, supervisors, and President of affiliated companies

Unit: foreign currency thousands; shares
As of March 30, 2022

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)	-	USD 37,500	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	217,418	-	60.39
	Director	LIOU,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 110,000	60.39
	Supervisors	JHANG,JIN-HONG			
Giant Light Metal Technology (Malaysia) Co., Ltd.	Director	TU,CHI-PING	-	USD 100	60.39
Giant (Chengdu) Co., Ltd.	Chairman	SHIH,CHING-AN	-	USD 6,000	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	-	USD 5,000	100
	Director	CHEN,GUEI-YAO , SHIH STEVEN			
	Supervisors	LU HSIO-SHAN			
	President	SHIH ,STEVEN			
GIANT (Tianjin) Co., Ltd.	Chairman	SHIH,CHING-AN	-	USD 12,000	100
	Directors	YEN,CHING-HSIN, KUO,FANG-CHENG			
	Supervisor	LU ,HSIO-SHAN			
Giant Investment Co., Ltd.	Chairman	THO, TU HSIU-CHEN (Bonnie Tu)	-	USD 88,500	100
	Director	LIU, YUON-CHAN (Young Liu), SHIH,CHING-AN			
	Supervisor	CHIU,TA-PENG			
	President	LIU, YUON-CHAN (Young Liu)			
GIANT (Kunshan) Co.,Ltd.	Chairman	SHIH,CHING-AN	-	USD 35,000	100
	Director	YEN ,CHING-HSIN , YU ,CHENG-KAI			
	Supervisor	LU ,HSIO-SHAN			
	President	YU ,CHENG-KAI			
Giant Cycling Sports Services (Kunshan) Co., Ltd.	Chairman	CHENG,PAO-TANG	-	USD 1,000	100
	Director	LIU, YUON-CHAN (Young Liu), SHIH,CHING-AN			
	Supervisor	CHIU,TA-PENG			
	President	LIU,SU-CHUAN			

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			
Quanzhou YouBike Co., Ltd.	President	CHU,HSIUNG-YU		RMB 50,000	100
	Director	CHENG ,PAO-TANG			
	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			
Growthwood Investment Ltd.	Director	TU,CHI-PING, CHIU,TA-PENG, DENESA ANG	-	USD 18,063	100
Darzins Holdings Ltd.	Director	Young Liu	-	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) , Young, Liu, 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			
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	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	Ernst Klaarmond, KOO ,KAM HOI, WANG,PI-YU	-	EUR 3,230	100
	President	Ernst Klaarmond			
Giant Korea Co., Ltd.	Director	JOHN LEE, KOO ,KAM HOI, WANG,PI-YU	-	KRW 734,000	100
	Supervisor	REBECCA JUNG			
Giant Bicycle Mexico S. de R.L. de C.V.	President	KOO ,KAM HOI	-	MXN 70,060	100
	Director	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	60.39
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, 2021

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	996,039	467,677	528,362	1,809,506	288,771	256,225	18.30
YouBike Co., Ltd.	848,000	1,475,245	575,772	899,473	1,724,395	(46,535)	(3,295)	-0.04
GIANT (China) Co. Ltd.	1,185,513	10,094,359	5,880,140	4,214,218	11,662,760	660,234	655,726	
GIANT (Kunshan) Co.,Ltd.	1,025,939	6,741,448	4,191,619	2,549,829	10,319,500	1,011,018	872,933	
GIANT (Tianjin) Co., Ltd.	389,095	2,669,070	1,973,332	695,738	4,663,601	202,074	178,215	
Giant Electric Vehicle (Kunshan) Co., Ltd.	175,695	5,499,261	3,922,475	1,576,786	8,744,104	890,887	799,966	
D. Mag (Kunshan) New Material Technology Co., LTD.	1,563,084	6,816,402	1,319,117	5,497,285	7,813,227	1,144,569	952,969	
Giant Light Metal Technology (Haian) Co., Ltd. (Note 2)	477,609	1,003,578	577,967	425,611	101,804	(49,158)	(42,622)	
Giant Light Metal Technology (Malaysia) Co., Ltd.	2,790	2,994	4,871	(1,877)	93	(3,190)	(1,887)	
Giant (Chengdu) Co., Ltd.	215,633	400,149	196,230	203,919	713,586	22,851	22,158	
Giant Adventure Co., Ltd.	10,000	81,704	42,972	38,732	120,305	7,889	9,691	9.69
Giant Investment Co., Ltd.	2,507,747	4,489,391	176,026	4,313,364	494	(95,655)	882,194	
Giant Cycling Sports Services (Kunshan) Co., Ltd.	28,636	3,199	-	3,199	-	(64)	(672)	
Jiangsu Giant Adventure Co., Ltd.	21,710	6,335	6,648	(313)	10,180	(6,579)	(6,423)	
Quanzhou YouBike Co., Ltd.	217,095	338,823	243,861	94,962	126,487	(56,211)	(42,736)	
Putian YouBike Management Co.,Ltd	217,095	522,324	301,507	220,817	105,061	12,277	10,039	
GIANT (Jiangsu) Co.,Ltd.	1,440,551	1,608,334	13,940	1,594,394	-	(3)	28,780	
AIPS Technology Co., Ltd.	500,000	937,794	378,088	559,706	1,520,188	75,622	59,865	1.2
Giant Europe B. V.	18,775	8,674,748	3,488,132	5,186,615	4,759,268	59,681	687,737	
Gaiwin B. V.	19,661	10,498,786	170,073	10,328,712	0	(2,255)	1,500,694	
Growood Investment Ltd.	433,377	6,573,012	402,560	6,170,452	0	(2,597)	1,584,933	
Darzins Holdings Ltd.	412,274	3,338,087	61,276	3,276,811	0	(157)	529,930	
Merdeka International Ltd.	166,140	204,709	0	204,709	0	(44)	22,137	
Giant Bicycle Inc.	27,690	4,602,165	2,955,957	1,646,209	7,599,330	36,023	77,743	
Giant Co., Ltd.	48,040	1,015,619	559,031	456,588	1,621,787	182,144	122,902	
Giant Bicycle Company Pty. Ltd.	10,039	1,472,685	549,959	922,726	2,568,899	457,077	327,803	
Giant Bicycle Canada Inc.	22,727	825,461	374,687	450,774	1,523,732	193,424	144,565	
Giant Deutschland GmbH	8,782	1,281,436	781,092	500,345	5,386,851	228,399	153,117	
Giant France	131,423	1,164,236	710,112	454,124	4,583,537	212,231	145,487	
Giant U. K. Ltd.	73,966	1,967,027	1,398,090	568,936	2,507,808	82,473	85,018	
Giant Europe Manufacturing B. V.	7,100	4,701,249	2,881,856	1,819,393	8,853,642	190,044	75,159	
Giant Polska Sp. ZO.O.	1,021	336,816	94,089	242,727	645,787	22,466	21,738	
Giant Benelux B.V.	101,070	1,208,556	691,918	516,638	3,796,221	163,561	122,084	

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 Korea Co., Ltd.	17,102	257,654	153,125	104,529	824,327	108,122	74,815	
Giant Bicycle Mexico S. de R.L. de C.V.	94,161	390,669	245,968	144,702	347,322	74,456	52,471	
Giant Italia S.R.L	6,258	334,937	263,092	71,845	1,051,532	41,948	27,473	
Giant Manufacturing Hungary Ltd.	626	4,652,966	4,336,119	316,847	1,710,207	22,098	(4,949)	
Golden Rich Limited	2,916	90,678	71,531	19,147	244,776	15,157	13,606	

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: Giant Light Metal Technology (Haian) Co., Ltd. had CNY 60,000 thousands capital increased and registered in June, 2021.

(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. 10 for the year ended in December 31, 2021. All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statements of affiliated enterprises were prepared.

(3) Relationship Report

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

Declaration for consolidated financial statements of affiliated companies

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were identical to the affiliated companies subject to the preparation of consolidated financial statements under Statement of Financial Accounting Standards No. 10 for year ended in December 31, 2021. All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statements of affiliated enterprises were prepared.

Declaration made by the undersigned

Company: Giant MFG. Co., Ltd.

Chairman: Bonnie Tu

March 25, 2022

2. Private Placement Securities in 2021 and as of the Date of this Annual Report:
None.

3. Status of Common Shares Acquired, Disposed of, and Held by Subsidiaries in 2021 and as of the Date of this Annual Report: None.

4. Other Necessary Supplement: None.

Nine. Any Events in 2021 and as of the Date of the Annual report that Had Significant impact on Shareholders’ Interest or Securities Price, as Defined in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act in Taiwan: None.

The latest audited consolidated financial report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), 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, 2021. 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, 2021 is stated as follows:

Authenticity of sales revenue from major customers

The Group's sales revenue from major customers was significant to the Group's consolidated net sales revenue for the year ended December 31, 2021. 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 the appropriateness of design and implementation of relevant controls.
2. We sampled the transaction documents of sales revenue from major customers, including sales order, shipping documents and receipts of payments, to confirm the authenticity of revenue recognition.
3. We reviewed significant sales returns and discounts recorded after the year and confirmed that they occurred after the balance sheet date.

Other Matter

We did not audit the financial statements of Gaiwin B.V. ("Gaiwin") and investees of Gaiwin, which are investees included in the consolidated financial statements of the Group for the years ended December 31, 2021 and 2020, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for these investees, is based solely on the reports of other auditors. The total assets of the aforementioned investees were NT\$18,813,181 thousand and NT\$19,921,032 thousand, respectively, representing 24% and 32%, respectively, of the Group's consolidated assets as of December 31, 2021 and 2020, respectively. The total sales revenue of the aforementioned investees was NT\$18,934,180 thousand and NT\$33,248,018 thousand, respectively, representing 23% and 47%, respectively, of the Group's consolidated net sales revenue for the years ended December 31, 2021 and 2020, respectively.

We did not audit the financial statements of Microprogram Information Co., Ltd. ("Microprogram"), an investee accounted for by using the equity method, as of and for the years ended December 31, 2021 and 2020, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for this investee, is based solely on the reports of other auditors. The total assets of the investee were NT\$88,997 thousand and NT\$220,442 thousand, respectively, representing 0.1% and 0.4% respectively, of the Group's consolidated assets as of December 31, 2021 and 2020, respectively. The comprehensive loss of the investee was NT\$(8,402) thousand and NT\$(10,228) thousand, respectively, representing (0.1)% and (0.2)% respectively, of the Group's consolidated comprehensive income for the years ended December 31, 2021 and 2020, respectively.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2021 and 2020 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 29, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,714,386	10	\$ 9,371,165	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,172,367	3	3,823,267	6
Financial assets at amortized cost - current (Notes 4, 9 and 33)	1,044,822	1	579,984	1
Notes receivable (Notes 4, 10 and 33)	97,118	-	116,258	-
Accounts receivable (Notes 4, 10, 32 and 33)	14,259,880	19	11,908,827	19
Other receivables (Note 32)	304,558	-	185,987	1
Inventories (Notes 4 and 11)	30,872,481	40	18,194,845	29
Other current assets (Notes 14 and 32)	1,596,674	2	1,218,891	2
Total current assets	58,062,286	75	45,399,224	73
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	38,977	-	1,814	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	1,345,989	2	215,760	-
Investments accounted for using the equity method (Notes 4 and 13)	95,047	-	220,442	-
Property, plant and equipment (Notes 4, 15 and 32)	12,181,556	16	11,964,933	19
Right-of-use assets (Notes 4 and 16)	2,157,735	3	1,762,642	3
Goodwill (Notes 4 and 17)	64,367	-	70,968	-
Other intangible assets (Notes 4, 18 and 32)	497,620	1	382,538	1
Deferred tax assets (Notes 4 and 26)	1,733,783	2	1,394,962	2
Prepayments for equipment (Note 32)	471,821	-	225,531	-
Other non-current assets (Note 19)	550,250	1	862,974	2
Total non-current assets	19,137,145	25	17,102,564	27
TOTAL	\$ 77,199,431	100	\$ 62,501,788	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans (Notes 20 and 33)	\$ 19,696,646	25	\$ 10,935,301	17
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	5,782	-
Notes payable	1,999,047	3	1,812,720	3
Accounts payable (Note 32)	7,032,707	9	6,337,618	10
Other payables (Notes 21 and 32)	8,540,540	11	6,695,663	11
Current tax liabilities (Notes 4 and 26)	1,619,691	2	996,513	2
Provisions - current (Notes 4 and 22)	499,365	1	456,215	1
Lease liabilities - current (Notes 4 and 16)	451,372	1	251,223	-
Other current liabilities	610,666	1	546,739	1
Total current liabilities	40,450,034	53	28,037,774	45
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 20 and 28)	3,163,236	4	4,240,660	7
Deferred tax liabilities (Notes 4 and 26)	1,620,062	2	1,294,438	2
Lease liabilities - non-current (Notes 4 and 16)	927,220	1	713,746	1
Deferred revenue - non-current (Notes 4 and 28)	979,416	2	906,439	2
Net defined benefit liabilities (Notes 4 and 23)	202,698	-	169,200	-
Other non-current liabilities (Note 22)	203,680	-	178,673	-
Total non-current liabilities	7,096,312	9	7,503,156	12
Total liabilities	47,546,346	62	35,540,930	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	3,750,646	5	3,750,646	6
Capital surplus	1,792,401	2	1,792,401	3
Retained earnings				
Legal reserve	5,350,968	7	4,846,055	8
Special reserve	1,938,124	2	1,955,207	3
Unappropriated retained earnings	17,165,872	22	14,767,113	23
Other equity	(2,522,195)	(3)	(1,938,124)	(3)
Total equity attributable to owners of the Company	27,475,816	35	25,173,298	40
NON-CONTROLLING INTERESTS	2,177,269	3	1,787,560	3
Total equity	29,653,085	38	26,960,858	43
TOTAL	\$ 77,199,431	100	\$ 62,501,788	100

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

(With Deloitte & Touche auditors' report dated March 29, 2022)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
NET SALES REVENUE (Notes 4 and 32)	\$ 81,839,870	100	\$ 70,010,849	100
COST OF GOODS SOLD (Notes 11, 25 and 32)	62,075,731	76	53,842,103	77
GROSS PROFIT	19,764,139	24	16,168,746	23
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	7,484,368	9	6,519,331	9
General and administrative expenses	2,519,430	3	1,827,784	3
Research and development expenses	1,041,133	1	939,896	1
Expected credit loss (Notes 4 and 10)	9,921	-	23,462	-
Total operating expenses	11,054,852	13	9,310,473	13
PROFIT FROM OPERATIONS	8,709,287	11	6,858,273	10
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs (Note 25)	(217,104)	-	(238,692)	-
Share of profit (loss) of associates accounted for using the equity method (Note 13)	(6,942)	-	(10,562)	-
Interest income	285,600	-	259,525	-
Other gains and losses (Notes 25, 28 and 32)	267,335	-	233,125	-
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss	7,342	-	(5,716)	-
Gain (loss) on disposal of property, plant and equipment, net	(19,291)	-	16,527	-
Foreign exchange loss, net	(297,767)	-	(279,614)	-
Total non-operating income and expenses	19,173	-	(25,407)	-
PROFIT BEFORE INCOME TAX	8,728,460	11	6,832,866	10
INCOME TAX EXPENSE (Notes 4 and 26)	2,420,951	3	1,656,957	2
NET PROFIT FOR THE YEAR	6,307,509	8	5,175,909	8
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 23)	(53,710)	-	(51,112)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	257	-	136,164	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 26)	10,742	-	10,223	-
	(42,711)	-	95,275	-

(Continued)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	\$ (718,136)	(1)	\$ 32,371	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Note 13)	-	-	334	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 26)	146,082	-	(5,410)	-
	<u>(572,054)</u>	<u>(1)</u>	<u>27,295</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(614,765)</u>	<u>(1)</u>	<u>122,570</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 5,692,744	7	\$ 5,298,479	8
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,930,074	7	\$ 4,948,959	7
Non-controlling interests	<u>377,435</u>	<u>1</u>	<u>226,950</u>	<u>-</u>
	<u>\$ 6,307,509</u>	<u>8</u>	<u>\$ 5,175,909</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,303,035	7	\$ 5,066,207	7
Non-controlling interests	<u>389,709</u>	<u>-</u>	<u>232,272</u>	<u>1</u>
	<u>\$ 5,692,744</u>	<u>7</u>	<u>\$ 5,298,479</u>	<u>8</u>
EARNINGS PER SHARE (Note 27)				
Basic	\$ 15.81		\$ 13.19	
Diluted	\$ 15.73		\$ 13.12	

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

(With Deloitte & Touche auditors' report dated March 29, 2022)

(Concluded)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company									
	Ordinary Shares (Note 24)	Capital Surplus (Note 24)	Legal Reserve	Special Reserve	Unappropriated Earnings (Note 24)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	\$ 3,750,646	\$ 1,803,097	\$ 4,508,593	\$ 1,371,728	\$ 12,364,227	\$ (1,960,824)	\$ 5,617	\$ 1,621,078	\$ 23,464,162	
Appropriation of 2019 earnings	-	-	-	-	(337,462)	-	-	-	-	
Legal reserve	-	-	337,462	583,479	(583,479)	-	-	-	-	
Special reserve	-	-	-	-	(1,725,297)	-	-	-	(1,725,297)	
Cash dividends distributed by the Company - \$4.6 per share	-	-	-	-	-	-	-	-	-	
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	(10,696)	-	-	-	-	-	(45,183)	(55,879)	
Net profit for the year ended December 31, 2020	-	-	-	-	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)	21,973	136,164	5,322	122,570	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	4,908,070	21,973	136,164	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)	-	-	
BALANCE AT DECEMBER 31, 2020	3,750,646	1,792,401	4,846,055	1,955,207	14,767,113	(1,938,851)	727	1,787,560	26,960,858	
Appropriation of 2020 earnings	-	-	504,913	(17,083)	(504,913)	-	-	-	-	
Legal reserve	-	-	504,913	(17,083)	(3,000,517)	-	-	-	(3,000,517)	
Special reserve	-	-	-	-	5,930,074	-	-	377,435	6,307,509	
Cash dividends distributed by the Company - \$8.0 per share	-	-	-	-	-	-	-	-	-	
Net profit for the year ended December 31, 2021	-	-	-	-	(42,968)	(584,328)	257	12,274	(614,765)	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	5,887,106	(584,328)	257	389,709	5,692,744	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	17,165,872	(2,523,179)	984	2,177,269	29,653,085	
BALANCE AT DECEMBER 31, 2021	3,750,646	1,792,401	5,350,968	1,938,124	17,165,872	(2,523,179)	984	2,177,269	29,653,085	

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 29, 2022)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 8,728,460	\$ 6,832,866
Adjustments for:		
Depreciation and amortization expenses	1,946,415	1,769,494
Expected credit loss	9,921	23,462
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(7,342)	5,716
Finance costs	217,104	238,692
Interest income	(285,600)	(259,525)
Dividend income	(75)	(6,167)
Share of loss of associates accounted for using the equity method	6,942	10,562
Loss (gain) on disposal of property, plant and equipment, net	19,291	(16,527)
Write-down of inventories	145,214	55,769
Impairment loss recognized on non-financial assets	123,043	-
Unrealized gain on foreign currency exchange, net	(21,272)	(27,438)
Realized deferred revenue	(61,983)	(38,282)
Gain on lease modification	(3,566)	(124)
Gain on disposal of subsidiaries	-	(72)
Net changes in operating assets and liabilities		
Notes receivable	19,449	(13,909)
Accounts receivable	(2,708,320)	2,533,752
Other receivables	(65,643)	(36,946)
Inventories	(13,755,449)	(1,339,562)
Other current assets	(400,892)	(513,298)
Notes payable	174,559	559,129
Accounts payable	706,611	1,300,966
Other payables	1,752,763	1,262,764
Provisions	62,986	58,168
Other current liabilities	77,490	137,000
Net defined benefit liabilities	33,498	(26,104)
Cash generated from (used in) operations	(3,286,396)	12,510,386
Interest received	230,413	265,893
Interest paid	(222,343)	(238,916)
Income tax paid	(1,681,353)	(1,139,507)
Net cash generated from (used in) operating activities	<u>(4,959,679)</u>	<u>11,397,856</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(36,906)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	-	316,194
Purchase of financial assets at amortized cost	(1,606,282)	(511,280)
Proceeds from sale of financial assets at amortized cost	20,202	767,899
Proceeds from sale of financial assets at fair value through profit or loss	1,670,783	473,918
		(Continued)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Acquisition of investments accounted for using the equity method	\$ (4,570)	\$ -
Net cash outflow on disposal of subsidiaries	-	(19,802)
Payments for property, plant and equipment	(1,661,945)	(2,417,456)
Proceeds from disposal of property, plant and equipment	92,078	120,998
Payments for intangible assets	(217,040)	(68,498)
Payments for right-of-use assets	(67,371)	(401,652)
Decrease in other non-current assets	309,825	34,312
Decrease (increase) in prepayments for equipment	(430,926)	27,036
Other dividends received	75	6,167
Proceeds from government grants	179,793	271,240
Acquisition of ownership interest in subsidiaries	-	(56,389)
Net cash used in investing activities	<u>(1,752,284)</u>	<u>(1,457,313)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	8,924,198	(5,933,896)
Proceeds from long-term bank loans	645,801	2,239,862
Repayment of long-term bank loans	(1,558,496)	(306,776)
Repayment of the principal portion of lease liabilities	(255,841)	(214,618)
Increase in other non-current liabilities	19,376	223,912
Dividends paid	(3,000,517)	(1,725,297)
Net cash generated from (used in) financing activities	<u>4,774,521</u>	<u>(5,716,813)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS		
	<u>280,663</u>	<u>1,173</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(1,656,779)	4,224,903
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>9,371,165</u>	<u>5,146,262</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 7,714,386</u>	<u>\$ 9,371,165</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2022)

(Concluded)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (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 25, 2022.

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 2022

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

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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 7 and 8 for detailed information on subsidiaries (including percentage of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of foreign operations (including subsidiaries and associates that use currencies 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.

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

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are 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 31.

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 31.

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 on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand and petty cash	\$ 2,116	\$ 6,645
Checking accounts and demand deposits	7,322,587	8,049,941
Cash equivalents		
Commercial paper	334,873	315,313
Time deposits with original maturities of less than three months	<u>56,202</u>	<u>1,000,591</u>
	7,715,778	9,372,490
Less: Pledged time deposits (Note 33)	<u>(1,392)</u>	<u>(1,325)</u>
	<u>\$ 7,714,386</u>	<u>\$ 9,371,165</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2021	2020
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial instruments		
Wealth management products	\$ 2,170,950	\$ 3,823,267
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	<u>1,417</u>	<u>-</u>
	<u>\$ 2,172,367</u>	<u>\$ 3,823,267</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 5,782</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, 2021</u>				
Sell	USD/NTD	2022.1.7-2022.2.11	USD17,500/NTD485,532	27.64-27.83
	EUR/NTD	2022.1.7-2022.2.11	EUR9,000/NTD282,581	31.37-31.41

	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	28.09-28.49
	EUR/NTD	2021.1.21	EUR8,500/NTD292,756	34.32-34.53
	CAD/NTD	2021.1.20-2021.2.19	CAD2,600/NTD57,332	22-22.12

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>	
	2021	2020
<u>Investments in equity instruments - non-current</u>		
Domestic listed company	\$ 2,071	\$ 1,814
Foreign unlisted company	<u>36,906</u>	<u>-</u>
	<u>\$ 38,977</u>	<u>\$ 1,814</u>

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

In 2020, the Group sold most of its shares in Kuei Meng International Inc ("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>	
	2021	2020
<u>Current</u>		
Restricted deposits (a)	\$ -	\$ 12,089
Time deposits with original maturities of more than 3 months (b)	1,042,430	565,570
Pledged deposits (c)	<u>2,392</u>	<u>2,325</u>
	<u>\$ 1,044,822</u>	<u>\$ 579,984</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months (b)	<u>\$ 1,345,989</u>	<u>\$ 215,760</u>

- 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 0.35%-3.99% and 0.41%-3.99% per annum as of December 31, 2021 and 2020, respectively.
- c. Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	2021	2020
<u>Notes receivable</u>		
Notes receivable	\$ 97,118	\$ 116,258
<u>Accounts receivable</u>		
Accounts receivable	\$ 14,651,452	\$ 12,341,327
Less: Allowance for impairment loss	<u>(391,572)</u>	<u>(432,500)</u>
	<u>\$ 14,259,880</u>	<u>\$ 11,908,827</u>

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

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to 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, 2021</u>					
Expected credit loss rate	0%-3%	0.5%-70%	30%-90%	80%-100%	
Gross carrying amount	\$ 13,871,241	\$ 487,221	\$ 104,880	\$ 285,228	\$ 14,748,570
Loss allowance (lifetime ECL)	<u>(77,429)</u>	<u>(26,734)</u>	<u>(28,694)</u>	<u>(258,715)</u>	<u>(391,572)</u>
Amortized cost	<u>\$ 13,793,812</u>	<u>\$ 460,487</u>	<u>\$ 76,186</u>	<u>\$ 26,513</u>	<u>\$ 14,356,998</u>
<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>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 432,500	\$ 514,809
Add: Net remeasurement of loss allowance	9,921	23,462
Less: Amounts written off	(32,530)	(87,382)
Disposal of subsidiaries	-	(10,842)
Foreign exchange gains and losses	<u>(18,319)</u>	<u>(7,547)</u>
Balance at December 31	<u>\$ 391,572</u>	<u>\$ 432,500</u>

Compared to January 1, 2021 and 2020, the increase in loss allowance of \$9,921 thousand and \$23,462 thousand at December 31, 2021 and 2020, respectively, resulted from the increase in the new accounts receivable net of those settled of \$2,310,125 thousand and the decrease in the new accounts receivable net of those settled of \$2,471,165 thousand, respectively.

Refer to Note 33 for information relating to accounts receivable pledged as security.

11. INVENTORIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Finished goods and merchandise	\$ 14,653,001	\$ 10,791,810
Work in process	583,927	483,943
Raw materials and supplies	<u>15,635,553</u>	<u>6,919,092</u>
	<u>\$ 30,872,481</u>	<u>\$ 18,194,845</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$62,075,731 thousand and \$53,842,103 thousand, respectively. The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs of \$145,214 thousand and \$55,769 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	<u>% of Ownership</u>		
			<u>December 31 2021</u>	<u>December 31 2020</u>	
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	
	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	-	-	
	AIPS Technology Co., Ltd. ("AIPS")	Manufacture and sale of sporting goods	100	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	100	100	
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	
	Giant Europe Manufacturing B.V. ("Giant Europe Mfg.")	Manufacture and sale of bicycles	100	100	
	Giant France	Sale of bicycles and related products	100	100	
	Giant U.K. Ltd. ("Giant UK")	Sale of bicycles and related products	100	100	
	Giant Benelux B.V. ("Giant Benelux")	Sale of bicycles and related products	100	100	
Giant Italia 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		

(Continued)

Investor	Investee	Main Business	% of Ownership	
			December 31 2021	December 31 2020
Growood	Giant (China) Co., Ltd. ("Giant China")	Manufacture and sale of bicycles	100	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	D. Mag (Kunshan) New Material Technology Co., Ltd. ("D. Mag")	Manufacture and sale of new aluminum alloy products	60	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")	Sale of medium and high-end aluminum wheel hub products	100	100

(Concluded)

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in insignificant associates	<u>\$ 95,047</u>	<u>\$ 220,442</u>

The Group's share of:

	For the Year Ended December 31	
	2021	2020
Net profit (loss) for the year	\$ (6,942)	\$ (10,562)
Other comprehensive gain	<u>-</u>	<u>334</u>
Total comprehensive loss for the year	<u>\$ (6,942)</u>	<u>\$ (10,228)</u>

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

In 2021, the Group assessed the recoverable amount of an investment in an associate and recognized a loss of \$123,043 thousand, which was classified as other gains and losses.

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

Except for Meiki Giant, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the associate's financial statements audited by the auditors for the same years. Meiki Giant's financial statements have not been audited by the auditors. However, management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Meiki Giant which have not been reviewed.

14. OTHER CURRENT ASSETS

	December 31	
	2021	2020
Value - added tax	\$ 822,183	\$ 643,012
Prepaid expenses	266,543	214,039
Prepayment for purchases	129,759	179,002
Others	<u>378,189</u>	<u>182,838</u>
	<u>\$ 1,596,674</u>	<u>\$ 1,218,891</u>

15. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2021						
	Beginning Balance	Additions	Disposals	Reclassified	Disposal of Subsidiaries	Translation Differences	Ending Balance
Cost							
Land	\$ 1,015,153	\$ -	\$ -	\$ 7,795	\$ -	\$ (27,815)	\$ 995,133
Buildings	8,717,984	608,876	(25,442)	48,037	-	(143,142)	9,206,313
Machinery equipment	7,195,491	327,544	(146,312)	158,869	-	22,090	7,557,682
Transportation equipment	338,618	37,680	(31,231)	(16,269)	-	(1,286)	327,512
Office equipment	319,583	38,046	(8,303)	2,396	-	(11,661)	340,061
Furniture and fixtures	31,337	1,338	(1,314)	(12,392)	-	23	18,992
Other equipment	2,861,895	492,855	(55,381)	15,043	-	(70,842)	3,243,570
Construction in progress	<u>1,033,662</u>	<u>351,165</u>	<u>(65,056)</u>	<u>(115,077)</u>	-	<u>(45,465)</u>	<u>1,159,229</u>
	<u>21,513,723</u>	<u>\$ 1,857,504</u>	<u>\$ (333,039)</u>	<u>\$ 88,402</u>	<u>\$ -</u>	<u>\$ (278,098)</u>	<u>22,848,492</u>

(Continued)

	For the Year Ended December 31, 2021						
	Beginning Balance	Additions	Disposals	Reclassified	Disposal of Subsidiaries	Translation Differences	Ending Balance
<u>Accumulated depreciation</u>							
Buildings	\$ 2,715,600	\$ 378,441	\$ (14,238)	\$ (332)	\$ -	\$ (31,123)	\$ 3,048,348
Machinery equipment	4,176,103	600,518	(118,187)	1,934	-	12,701	4,673,069
Transportation equipment	250,066	33,788	(29,353)	(8,106)	-	(965)	245,430
Office equipment	233,968	34,023	(8,303)	1,708	-	(9,330)	252,066
Furniture and fixtures	16,751	3,759	(1,255)	(4,144)	-	16	15,127
Other equipment	2,125,762	385,816	(50,319)	(1,516)	-	(57,560)	2,402,183
	<u>9,518,250</u>	<u>\$ 1,436,345</u>	<u>\$ (221,655)</u>	<u>\$ (10,456)</u>	<u>\$ -</u>	<u>\$ 86,261</u>	<u>10,636,223</u>
<u>Accumulated impairment</u>							
Machinery equipment	26,271	\$ -	\$ (15)	\$ -	\$ -	\$ 162	26,418
Other equipment	4,269	-	-	-	-	26	4,295
	<u>30,540</u>	<u>\$ -</u>	<u>\$ (15)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188</u>	<u>30,713</u>
	<u>\$ 11,964,933</u>						<u>\$ 12,181,556</u> (Concluded)

	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	2,732,973	944,597	(1,750)	(2,652,427)	-	10,269	1,033,662
	<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	1,826,652	356,880	(56,099)	8,087	(1,527)	(8,231)	2,125,762
	<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	4,265	-	-	-	-	4	4,269
	<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>

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	2-60 years
Electrical power equipment	2-50 years
Other	2-15 years
Machinery equipment	2-15 years
Transportation equipment	1-10 years
Office equipment	1-20 years
Furniture and fixtures	1-20 years
Other equipment	1-25 years

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.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 1,074,555	\$ 1,111,070
Buildings	984,792	590,232
Others	<u>98,388</u>	<u>61,340</u>
	<u>\$ 2,157,735</u>	<u>\$ 1,762,642</u>
<u>For the Year Ended December 31</u>		
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 696,545</u>	<u>\$ 401,652</u>
Depreciation charge for right-of-use assets		
Land	\$ 27,235	\$ 32,222
Buildings	281,896	267,155
Others	<u>46,527</u>	<u>17,405</u>
	<u>\$ 355,658</u>	<u>\$ 316,782</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 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	\$ 451,372	\$ 251,223
Non-current	\$ 927,220	\$ 713,746

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	0.26%-1.35%	0.71%-1.35%
Buildings	0.17%-8.47%	0.26%-8.47%
Others	0.17%-5.49%	0.17%-5.49%

c. Material leasing activities and terms

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

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

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

17. GOODWILL

	For the Year Ended December 31	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 70,968	\$ 69,244
Effect of foreign currency exchange differences	(6,601)	1,724
Balance at December 31	\$ 64,367	\$ 70,968

18. OTHER INTANGIBLE ASSETS

	December 31	
	2021	2020
Computer software cost	\$ 453,364	\$ 369,022
Others	44,256	13,516
	\$ 497,620	\$ 382,538

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

Computer software cost	1-10 years
Others	1-15 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	
	2021	2020
Balance at January 1	\$ 13,992	\$ 25,345
Annuity insurance payment for the year	3,259	2,091
Annuity insurance received for the year	(11,421)	(14,004)
Increase in cash surrender value	368	560
Balance at December 31	\$ 6,198	\$ 13,992

20. LOANS

a. Short-term bank loans

	December 31	
	2021	2020
Secured bank loans (Note 33)		
Notes and accounts receivable secured loans	\$ 520,865	\$ 687,214
Unsecured bank loans		
Line of credit loans	19,175,781	10,248,087
	\$ 19,696,646	\$ 10,935,301

(Continued)

	December 31	
	2021	2020
<u>Effective interest rates (%)</u>		
Notes and accounts receivable secured loans	0.3-1.15	0.3-1.27
Line of credit loans	0.17-8.81	0.29-3.35 (Concluded)

b. Long-term bank loans

	December 31	
	2021	2020
<u>Unsecured bank loans</u>		
Line of credit loans	\$ 3,288,142	\$ 4,364,573
Less: Discounts on government grants (Note 28)	<u>(124,906)</u>	<u>(123,913)</u>
Long-term bank loans	<u>\$ 3,163,236</u>	<u>\$ 4,240,660</u>
<u>Effective interest rates (%)</u>		
Line of credit loans	0.01-3.85	0.01-3.85

Bank loans are due in 2022 - 2029.

21. OTHER PAYABLES

	December 31	
	2021	2020
Salaries and bonuses	\$ 2,480,538	\$ 2,215,826
Payable for compensation of employees and remuneration of directors	1,526,302	997,486
Payable for purchase of equipment	290,699	156,675
Payable for annual leave	164,499	157,894
Others	<u>4,078,502</u>	<u>3,167,782</u>
	<u>\$ 8,540,540</u>	<u>\$ 6,695,663</u>

22. PROVISIONS

	December 31	
	2021	2020
<u>Current</u>		
Warranties (a)	\$ 304,751	\$ 312,187
Sales returns and allowances (b)	<u>194,614</u>	<u>144,028</u>
	<u>\$ 499,365</u>	<u>\$ 456,215</u>

Non-current (classified as other non-current liabilities)

	December 31	
	2021	2020
Warranties (a)	\$ 16,341	\$ 18,456
Decommissioning (c)	<u>25,150</u>	<u>15,984</u>
	<u>\$ 41,491</u>	<u>\$ 34,440</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	
	2021	2020
Present value of defined benefit obligation	\$ 812,510	\$ 787,422
Fair value of plan assets	<u>(609,812)</u>	<u>(618,222)</u>
Net defined benefit liabilities	<u>\$ 202,698</u>	<u>\$ 169,200</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, 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>
Balance at January 1, 2021	\$ 787,422	\$ (618,222)	\$ 169,200
Service cost			
Current service cost	4,203	-	4,203
Past service cost and loss on settlements	-	-	-
Net interest expense (income)	<u>3,924</u>	<u>(3,147)</u>	<u>777</u>
Recognized in profit or loss	<u>8,127</u>	<u>(3,147)</u>	<u>4,980</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,474)	(7,474)
Actuarial loss - changes in demographic assumptions	18,793	-	18,793
Actuarial gain - changes in financial assumptions	(9,132)	-	(9,132)
Actuarial loss - experience adjustments	<u>51,523</u>	<u>-</u>	<u>51,523</u>
Recognized in other comprehensive income	<u>61,184</u>	<u>(7,474)</u>	<u>53,710</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ -	\$ (25,125)	\$ (25,125)
Benefits paid	<u>(44,223)</u>	<u>44,156</u>	<u>(67)</u>
Balance at December 31, 2021	<u>\$ 812,510</u>	<u>\$ (609,812)</u>	<u>\$ 202,698</u> (Concluded)

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	
	2021	2020
Discount rates	0.63%	0.38%-0.5%
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	
	2021	2020
Discount rates		
0.25% increase	<u>\$ (17,984)</u>	<u>\$ (18,415)</u>
0.25% decrease	<u>\$ 18,593</u>	<u>\$ 19,061</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 17,991</u>	<u>\$ 18,419</u>
0.25% decrease	<u>\$ (17,496)</u>	<u>\$ (17,891)</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	
	2021	2020
Expected contributions to the plans for the next year	\$ 27,630	\$ 27,438
Average duration of the defined benefit obligation	7-9 years	8-9.5 years

24. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	495,000	495,000
Shares authorized	\$ 4,950,000	\$ 4,950,000
Shares issued and fully paid (in thousands of shares)	375,065	375,065

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

On March 25, 2022, the Company's board of directors resolved to issue 17,000,000 ordinary shares for the purpose of public subscription. The subscription base date will be determined after the transaction is approved by the FSC.

b. Capital surplus

	December 31	
	2021	2020
Share premium	\$ 1,624,005	\$ 1,624,005
Changes in percentage of ownership interests in subsidiaries	71,570	71,570
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	180	180
	<u>\$ 1,792,401</u>	<u>\$ 1,792,401</u>

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

The capital surplus from 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 2020 and 2019 which were approved in the shareholders' meetings on July 8, 2021, and June 19, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 504,913	\$ 337,463		
Special reserve (reversal)	(17,083)	583,478		
Cash dividends	3,000,517	1,725,297	\$ 8.0	\$ 4.6

The appropriation of earnings and dividends per share for 2021 which was proposed by the Company's board of directors on March 25, 2022 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 588,711	
Special reserve	584,071	
Cash dividends	3,750,646	\$ 10

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in their meeting to be held on June 23, 2022.

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	
	2021	2020
Interest on bank loans	\$ 203,841	\$ 229,176
Interest on lease liabilities	<u>13,263</u>	<u>9,516</u>
	<u>\$ 217,104</u>	<u>\$ 238,692</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	\$ 1,251	\$ 9,825
Capitalization rate	0.56%-0.58%	0.59%-0.72%

b. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31					
	2021			2020		
	Operating Costs	Operating and Non-operating Expenses	Total	Operating Costs	Operating and Non-operating Expenses	Total
Short-term employee benefits	\$ 5,819,455	\$ 3,324,782	\$ 9,144,237	\$ 4,772,504	\$ 3,117,286	\$ 7,889,790
Labor insurance, health insurance and social welfare insurance	381,268	261,543	642,811	301,664	193,260	494,924
Post-employment benefits						
Defined contribution plans	339,726	139,865	479,591	205,560	97,303	302,863
Defined benefit plans	2,728	2,252	4,980	3,485	2,831	6,316
Other employee benefits	460,400	340,876	801,276	347,627	270,427	618,054
Depreciation and amortization expenses	875,155	1,071,260	1,946,415	836,312	933,182	1,769,494

c. Employees' compensation and remuneration of directors

The shareholders of the Company held their regular meeting in July 2021 and in that meeting, resolved the amendments to the Company's Articles. According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 6%-12% and no higher than 2%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. Before the amendments, the Company accrued employees' compensation and remuneration of directors at rates of 6%-12% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 25, 2022 and March 26, 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	7.2%	\$ 558,393	7.2%	\$ 455,893
Remuneration of directors	2.0%	155,026	2.0%	127,343

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, 2020 and 2019.

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	
	2021	2020
Current tax		
In respect of the current year	\$ 2,104,376	\$ 1,920,759
Income tax on unappropriated earnings	67,727	-
Adjustments for prior years	37,887	(53,111)
Investment tax credits used	-	(40,963)
Taxed separately of repatriated offshore funds	-	11,653
Others	<u>53,653</u>	<u>(5,075)</u>
	2,263,643	1,833,263
Deferred tax		
In respect of the current year	<u>157,308</u>	<u>(176,306)</u>
Income tax expense recognized in profit	<u>\$ 2,420,951</u>	<u>\$ 1,656,957</u>

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

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	\$ 2,824,413	\$ 2,307,481
Permanent differences	(869,391)	(378,007)
Temporary differences	149,386	(8,715)
Investment tax credit used	-	(40,963)
Loss carryforwards used	(32)	-
Income tax on unappropriated earnings	<u>67,727</u>	<u>-</u>
Current income tax expense	2,172,103	1,879,796

(Continued)

	For the Year Ended December 31	
	2021	2020
Deferred income tax expense		
Temporary differences	\$ 157,308	\$ (176,306)
Taxed separately of repatriated offshore funds	-	11,653
Others	53,653	(5,075)
Adjustments for prior years' tax	<u>37,887</u>	<u>(53,111)</u>
Income tax expense recognized in profit	<u>\$ 2,420,951</u>	<u>\$ 1,656,957</u> (Concluded)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ 10,742	\$ 10,223
Exchange difference on foreign operations	<u>146,082</u>	<u>(5,410)</u>
Total income tax recognized in other comprehensive income	<u>\$ 156,824</u>	<u>\$ 4,813</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, 2021				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Exchange difference on foreign operations	\$ 509,855	\$ -	\$ 146,082	\$ -	\$ 655,937
Deferred recognition of bonuses payable	184,937	46,188	-	(545)	230,580
Deferred government grants	79,871	1,081	-	(539)	80,413
Unrealized provision for loss on inventory	76,850	(10,935)	-	106	66,021
Unrealized intercompany profit	64,642	65,909	-	-	130,551
Provisions	47,119	(7,306)	-	(1,346)	38,467
Allowance for impairment loss	17,360	2,227	-	70	19,657
Defined benefit obligation	31,728	10,387	10,742	(2)	52,855
Others	<u>382,600</u>	<u>72,398</u>	<u>-</u>	<u>4,304</u>	<u>459,302</u>
	<u>\$ 1,394,962</u>	<u>\$ 179,949</u>	<u>\$ 156,824</u>	<u>\$ 2,048</u>	<u>\$ 1,733,783</u> (Continued)

	For the Year Ended December 31, 2021				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Unappropriated earnings of subsidiaries	\$ 1,113,111	\$ 370,140	\$ -	\$ (11,633)	\$ 1,471,618
Reserve for land revaluation increment tax	98,974	-	-	-	98,974
Defined benefit obligation	30,712	3,959	-	-	34,671
Others	<u>51,641</u>	<u>(36,842)</u>	<u>-</u>	<u>-</u>	<u>14,799</u>
	<u>\$ 1,294,438</u>	<u>\$ 337,257</u>	<u>\$ -</u>	<u>\$ (11,633)</u>	<u>\$ 1,620,062</u> (Concluded)

	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 recognition of bonuses payable	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>

	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 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>

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

	December 31	
	2021	2020
Loss carryforwards Expire in 2022 to 2031	\$ <u>95,742</u>	\$ <u>70,017</u>

- e. Income tax assessments

Except for the Company in 2018 as well as Giant Sales, Giant Adventure, and YouBike through 2019, the income tax returns have been assessed by the tax authorities.

AIPS was established in September 2020; its income tax return of 2020 has not 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, 2021</u>			
Basic earnings per share			Amount
Profit for the year attributable to owners of the Company	\$ 5,930,074	375,065	\$ <u>15.81</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	1,991	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	\$ <u>5,930,74</u>	<u>377,056</u>	\$ <u>15.73</u>
<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	-	2,225	
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>

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, 2021, the Group received a preferential interest rate loan of \$1,799,000 thousand from the government's "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan". The amount was used in capital expenditure and operating turnover. The loan was expected to be repaid 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 \$1,633,824 thousand on initial recognition. The difference of \$165,176 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

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

31. 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, 2021</u>				
Financial assets at FVTPL				
Wealth management products	\$ -	\$ 2,170,950	\$ -	\$ 2,170,950
Derivative financial instruments	<u>-</u>	<u>1,417</u>	<u>-</u>	<u>1,417</u>
	<u>\$ -</u>	<u>\$ 2,172,367</u>	<u>\$ -</u>	<u>\$ 2,172,367</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Financial assets at FVTOCI				
Domestic listed company	\$ 2,071	\$ -	\$ -	\$ 2,071
Foreign unlisted company	<u>-</u>	<u>-</u>	<u>36,906</u>	<u>36,906</u>
	<u>\$ 2,071</u>	<u>\$ -</u>	<u>\$ 36,906</u>	<u>\$ 38,977</u>
<u>December 31, 2020</u>				
Financial assets at FVTPL				
Wealth management products	\$ -	\$ 3,823,267	\$ -	\$ 3,823,267
Financial assets at FVTOCI				
Domestic listed shares investments	\$ 1,814	\$ -	\$ -	\$ 1,814
Financial liabilities at FVTPL				
Derivative financial instruments	\$ -	\$ 5,782	\$ -	\$ 5,782

(Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial assets

Equity investments classified as financial assets at FVTOCI

	For the Year Ended December 31, 2021
Balance, beginning of year	\$ -
Additions	<u>36,906</u>
Balance, end of year	<u>\$ 36,906</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Wealth management products	Discounted cash flows. Future cash flows are estimated based on contract forward rates, discounted at a rate that reflects the credit risk.
Derivative financial instruments	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.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial assets at fair value through other comprehensive income of foreign unlisted of investments in equity instruments is evaluated as level 3. The fair value is calculated by reference to the net book value of the company based on its financial information, comparing the average net price of listed companies or firms in the same industry to the estimated price, and calculating the present value of profit and loss that is expected to be derived from holding of such investment.

b. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 2,172,367	\$ 3,823,267
Financial assets at amortized cost (1)	23,855,690	22,887,423
Financial assets at FVTOCI	38,977	1,814
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	-	5,782
Financial liabilities at amortized cost (2)	36,069,701	26,321,203

- 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.

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 35.

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	
	2021	2020
USD	\$ 148,839	\$ 26,957
EUR	66,941	22,946
JPY	1,472	(557)
RMB	411	(134)

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:

	<u>December 31</u>	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 4,952,860	\$ 2,463,176
Financial liabilities	19,125,324	9,221,643
Cash flow interest rate risk		
Financial assets	7,322,587	11,113,329
Financial liabilities	5,113,149	6,919,287

Sensitivity analysis

The sensitivity analyses were 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, 2021 and 2020 would increase/decrease by \$12,783 thousand and \$17,298 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 38% and 27% of total accounts receivable as of December 31, 2021 and 2020, 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, 2021 and 2020, the Group had available unutilized short-term bank loan facilities of \$37,302,181 thousand and \$39,927,000 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, 2021</u>			
Non-derivative Financial liabilities			
Short-term bank loans	\$ 19,696,646	\$ -	\$ -
Payables	9,031,754	-	-
Lease liabilities	455,918	214,654	758,466
Other payables	4,178,065	-	-
Long-term bank loans	-	<u>1,251,640</u>	<u>1,911,596</u>
	<u>\$ 33,362,383</u>	<u>\$ 1,466,294</u>	<u>\$ 2,670,062</u>
<u>December 31, 2020</u>			
Non-derivative Financial liabilities			
Short-term bank loans	\$ 10,935,301	\$ -	\$ -
Payables	8,150,338	-	-
Lease liabilities	255,107	145,389	570,415
Other payables	2,994,904	-	-
Long-term bank loans	-	<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>

32. 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	Associate
Microprogram Information (Kunshan) Co., Ltd.	Associate
Meiki Giant	Associate
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	
	2021	2020
Others	\$ 4,458	\$ 9,204
Associates	<u>215</u>	<u>-</u>
	<u>\$ 4,673</u>	<u>\$ 9,204</u>

The products sold to related parties are own branding and manufacturing (OBM) products. The Group decided the price and gross profit ratio by type of products sold. The OBM pricing strategy also differed from that for original equipment manufacturing products.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2021	2020
Associates	\$ 166,050	\$ 134,259
Others	<u>468</u>	<u>689</u>
	<u>\$ 166,518</u>	<u>\$ 134,948</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	
	2021	2020
Associates	\$ 111,374	\$ 121,320
Others	<u>-</u>	<u>2,400</u>
	<u>\$ 111,374</u>	<u>\$ 123,720</u>

e. Operating expense

Related Party Category	For the Year Ended December 31	
	2021	2020
Others	<u>\$ 23,838</u>	<u>\$ 15,907</u>

f. Accounts receivable

Related Party Category	December 31	
	2021	2020
Others	<u>\$ 69</u>	<u>\$ 1,820</u>

g. Other receivables

Related Party Category	December 31	
	2021	2020
Associates	<u>\$ 2,380</u>	<u>\$ 2,557</u>

h. Other current assets

Related Party Category	December 31	
	2021	2020
Associates	<u>\$ -</u>	<u>\$ 4,241</u>

i. Prepayments for equipment

Related Party Category	December 31	
	2021	2020
Other	<u>\$ 1,636</u>	<u>\$ -</u>

j. Accounts payable

Related Party Category	December 31	
	2021	2020
Associates	<u>\$ 42,107</u>	<u>\$ 17,449</u>

k. Other payables

Related Party Category	December 31	
	2021	2020
Associates	\$ 52,666	\$ 59,959
Others	<u>35</u>	<u>148</u>
	<u>\$ 52,701</u>	<u>\$ 60,107</u>

l. Purchase of other intangible assets

Related Party Category	Purchase Price For the Year Ended December 31, 2020
	Associates

m. Disposal of subsidiary

Related Party Category	Account	For the Year Ended December 31, 2020	
		Proceeds	Gain on Disposal
CHI YE Investment Co., Ltd	Investment accounted for using the equity method	\$ 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	
	2021	2020
Short-term employee benefits	\$ 337,773	\$ 258,416
Post-employment benefits	<u>945</u>	<u>945</u>
	<u>\$ 338,718</u>	<u>\$ 259,361</u>

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

a. The following assets were provided as collateral for bank loans:

	December 31	
	2021	2020
Notes and accounts receivable	<u>\$ 520,865</u>	<u>\$ 687,214</u>

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

	December 31	
	2021	2020
Pledged bank deposits (classified as financial assets at amortized cost)	<u>\$ 2,392</u>	<u>\$ 2,325</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Group at December 31, 2021 were as follows:

a. The Group had a commitment to acquire property, plant and equipment for \$636,969 thousand.

b. Product liability

The contract period of the existing product liability insurance policy (the “policy”) of the Group is from August 1, 2021 to August 1, 2022. The policy covers all products manufactured by the Group that are sold all over the world. The maximum indemnity for claims arising from one originating cause is US\$10 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, 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 November 18, 2015 to December 31, 2028.

d. Because of signing contracts to provide public bicycle rental service, the Group has to provide deposit of \$365,086 thousand to Changhua Bank, Dajia Branch in order for Changhua Bank to provide guarantee. The validity period is until March 31, 2029.

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.

35. 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, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
Financial assets						
Monetary items						
USD	\$ 677,382	27.690	\$ 18,756,708	\$ 239,199	28.508	\$ 6,819,085
EUR	226,638	31.291	7,091,730	86,127	34.531	2,974,051
JPY	1,508,699	0.2402	362,389	2,556,001	0.2724	696,255
RMB	117,326	4.3419	509,414	86,964	4.3152	375,267
Financial liabilities						
Monetary items						
USD	139,865	27.690	3,872,862	144,638	28.508	4,123,340
EUR	12,708	31.291	397,646	19,677	34.531	679,466
JPY	895,994	0.2402	215,218	2,760,431	0.2724	751,941
RMB	107,868	4.3419	468,349	90,067	4.3152	388,657

The Group is mainly exposed to USD, EUR, JPY and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Year Ended December 31			
	2021		2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ (174,597)	1 (NTD:NTD)	\$ (124,506)
RMB	4.3281 (RMB:NTD)	(34,825)	4.2658 (RMB:NTD)	(108,432)
EUR	33.041 (EUR:NTD)	(123,873)	33.57 (EUR:NTD)	(49,370)
USD	28.024 (USD:NTD)	66	29.582 (USD:NTD)	1,545
JPY	0.2545 (JPY:NTD)	(543)	0.2757 (JPY:NTD)	(192)
		<u>\$ (333,772)</u>		<u>\$ (280,955)</u>

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries and associates). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments. (Note 7)
- 10) Intercompany relationships and significant intercompany transactions. (Table 6)
- 11) Information on investees. (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, the ending balance of carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 9)
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 9)
- c) The amount of property transactions and the amount of the resultant gains or losses. (None)
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)

c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (None)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were bicycle, materials and others.

a. Segment revenues and results

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Bicycle	\$ 73,658,016	\$ 63,500,316	\$ 7,809,863	\$ 6,153,802
Materials	6,102,184	4,190,452	1,089,355	612,291
Other	2,079,670	2,320,081	(189,931)	92,180
Total for continuing operations	<u>\$ 81,839,870</u>	<u>\$ 70,010,849</u>	8,709,287	6,858,273
Finance costs			(217,104)	(238,692)
Share of profit (loss) of associates accounted for using the equity method			(6,942)	(10,562)
Interest income			285,600	259,525
Other gains and losses			267,335	233,125
Valuation gain (loss) on financial assets and liabilities at FVTPL			7,342	(5,716)
Gain (loss) on disposal of property, plant and equipment, net			(19,291)	16,527
Foreign exchange loss, net			<u>(297,767)</u>	<u>(279,614)</u>
Profit before tax (continuing operations)			<u>\$ 8,728,460</u>	<u>\$ 6,832,866</u>

Segment profit represents the profit before tax earned by each segment without finance costs, share of profit (loss) of associates accounted for using the equity method, interest income, other gains and losses, valuation gain (loss) on financial assets and liabilities at fair value through profit or loss, gain (loss) on disposal of property, plant and equipment, net, foreign exchange loss, net and income tax expense. This was the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

The Group had not reported segment assets and liabilities information to operating decision marker, thus disclosure is not necessary.

c. Geographical information

The Group operates in three principal geographical areas - Asia, Europe and America.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Asia	\$ 45,717,300	\$ 37,520,471	\$ 14,431,682	\$ 13,113,389
Europe	24,108,978	22,181,420	2,524,918	2,385,753
America	9,444,695	7,850,055	407,959	161,151
Others	2,568,897	2,458,903	32,605	33,317
	<u>\$ 81,839,870</u>	<u>\$ 70,010,849</u>	<u>\$ 17,397,164</u>	<u>\$ 15,693,610</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			
	2021		2020	
	Amount	%	Amount	%
Customer T	\$ 14,366,125	18	\$ 11,067,452	16
Customer S	8,367,707	10	8,784,404	13

TABLE 1

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED ENTITIES FOR THE YEAR ENDED DECEMBER 31, 2021 (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 9)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Aggregate Financing Limits
													Item	Value	
0	Giant	Giant Sales	Other receivables	Yes	\$ 100,000	\$ 100,000	\$ -	-	2	\$ -	Operating Capital	\$ -	-	\$ 10,990,326 (Note 5)	
1	Giant China	Giant Kunshan	Loans receivable - related parties	Yes	651,281 (RMB)	217,094 (RMB)	-	-	2	-	Operating Capital	-	-	2,747,582 (Note 2)	
		Quanzhou YouBike	Loans receivable - related parties	Yes	390,768 (RMB)	217,094 (RMB)	151,965 (RMB)	3.85%	2	-	Operating Capital	-	-	1,997,260 (Note 3)	
2	Giant Electric Vehicle	Giant Kunshan	Loans receivable - related parties	Yes	347,350 (RMB)	347,350 (RMB)	-	-	2	-	Operating Capital	-	-	1,997,260 (Note 3)	
		Puian YouBike	Loans receivable - related parties	Yes	80,000 (RMB)	80,000 (RMB)	-	-	2	-	Operating Capital	-	-	1,302,561 (Note 3)	
		Quanzhou YouBike	Loans receivable - related parties	Yes	525,366 (RMB)	525,366 (RMB)	256,170 (RMB)	4.00%	2	-	Operating Capital	-	-	1,302,561 (Note 3)	
3	Giant Jiangsu	Giant Kunshan	Loans receivable - related parties	Yes	121,000 (RMB)	121,000 (RMB)	-	-	2	-	Operating Capital	-	-	1,302,561 (Note 3)	
		Giant	Loans receivable - related parties	Yes	24,000 (RMB)	24,000 (RMB)	-	-	2	-	Operating Capital	-	-	1,302,561 (Note 3)	
4	YouBike	Giant	Loans receivable - related parties	Yes	217,094 (RMB)	217,094 (RMB)	-	-	2	-	Operating Capital	-	-	969,150 (Note 3)	
		Light Metal Haiann	Loans receivable - related parties	Yes	100,000 (RMB)	100,000 (RMB)	-	-	2	-	Operating Capital	-	-	89,947 (Note 3)	
5	D. Mag	Light Metal Malaysia	Loans receivable - related parties	Yes	217,094 (RMB)	-	-	-	2	-	Operating Capital	-	-	969,150 (Note 3)	
		Light Metal Hungary	Loans receivable - related parties	Yes	6,513 (RMB)	6,513 (RMB)	6,513 (RMB)	3.35%	2	-	Operating Capital	-	-	969,150 (Note 3)	
6	Gaiwin	Giant Hungary Mfg.	Loans receivable - related parties	Yes	938,718 (EUR)	938,718 (EUR)	782,565 (EUR)	0.65%	2	-	Operating Capital	-	-	969,150 (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, Giant Electric Vehicle and Giant Holding: Up to RMB 0.46 billion, 0.3 billion and 0.25 billion, respectively; 2) 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; 3) 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: Significant intercompany accounts and transactions have been eliminated.

TABLE 2

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes 4 and 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 5 and 6)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Giant	Giant Hungary Mfg.	2	\$ 6,868,954	\$ 1,908,727 (EUR 61,000)	\$ 1,908,727 (EUR 61,000)	\$ 1,733,888 (EUR 55,412)	\$ -	6.95%	\$ 13,737,908	Y	N	N
1	Giant Sales	YoBike	4	1,500,000	940,718 (RMB 1,056)	714,125	714,125	-	135%	1,500,000	N	N	N
2	Giant China	Giant Holding	4	969,150	4,585 (RMB 1,056)	4,585 (RMB 1,056)	4,585 (RMB 1,056)	-	0.11%	969,150	N	N	Y

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

Note 2: The relationship between endorser/guarantor and the endorsee/guaranteee can be classified into the following seven categories:

- 1) A company with a business relationship.
- 2) A company in which Giant directly and indirectly holds more than 50% of the voting shares.
- 3) A company that directly and indirectly holds more than 50% of the voting shares in Giant.
- 4) Companies in which Giant directly or indirectly holds 90% or more of the voting shares.
- 5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for the purpose of undertaking a construction project.
- 6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction 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.

TABLE 3

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD DECEMBER 31, 2021 (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, 2021		
				Shares	Carrying Value	Percentage of Ownership
Giant	Domestic listed company Kuei Meng	-	Financial assets at FVTOCI - non-current	10,484	\$ 2,071	-
D. Mag	Foreign unlisted company Chongqing Guochuang Light Alloy Research Institute Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	36,906	-

TABLE 4

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021
(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)		
			Purchase or Sale	Amount (Note)	% to Total	Collection Terms	Unit Price	Collection Terms	Ending Balance (N ote)
Giant	Giant USA	Investee of Giant Europe	Sales	(2,981,578)	(9)	T/T 60 days	-	\$ 761,429	9
	Giant Australia	Investee of Giant Europe	Sales	(775,761)	(2)	T/T 20 days	-	118,107	1
	Giant Benelux B.V.	Investee of Giant Europe	Sales	(284,232)	(1)	T/T 45 days	-	16,083	7
	Giant Europe	Investee of Giant Europe	Sales	(2,339,708)	(7)	T/T 45 days	-	579,110	2
	Giant France	Investee of Giant Europe	Sales	(1,563,527)	(4)	T/T 45 days	-	151,809	22
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(4,497,955)	(13)	T/T 90 days	-	1,948,009	3
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(778,126)	(2)	T/T 120 days	-	290,937	5
	Giant Poland	Investee of Giant Europe	Sales	(206,430)	(1)	T/T 45 days	-	18,602	2
	Giant UK	Investee of Giant Europe	Sales	(1,244,987)	(4)	T/T 50 days	-	469,933	1
	Giant Germany	Investee of Giant Europe	Sales	(2,659,633)	(6)	T/T 60 days	-	196,513	2
	Giant Canada	Investee of Giant Europe	Sales	(474,395)	(1)	T/T 60 days	-	55,359	1
	Giant Italy	Investee of Giant Europe	Sales	(303,071)	(1)	T/T 45 days	-	23,155	-
	Giant Korea	Investee of Giant Europe	Sales	(328,743)	(1)	T/T 15 days	-	54,641	1
	Giant Japan	Investee of Giant Europe	Sales	(210,316)	(1)	T/T 15 days	-	26,543	-
	Giant Mexico	Investee of Giant Europe	Sales	(142,249)	-	T/T 90 days	-	76,493	1
	AIPS	Investee of Giant Europe	Sales	(613,969)	(2)	T/T 30 days	-	4,352	-
	Giant Sales	Investee of Giant Europe	Sales	(747,734)	(2)	T/T 15 days	-	44,825	1
	Giant China	Investee of Grovood	Sales	(644,223)	(2)	T/T 90 days	-	83,706	1
	Giant Kunshan	Investee of Grovood	Sales	(673,049)	(2)	T/T 90 days	-	171,384	2
	Giant Electric Vehicle	Investee of Grovood	Sales	(501,505)	(1)	T/T 90 days	-	144,729	2
	Youbike	Investee of Giant	Sales	(258,998)	(1)	T/T 30 days	-	49,185	1
	Giant Tianjin	Investee of Grovood	Purchase	2,615,817	9	T/T 90 days	-	62,398	(17)
	Giant Electric Vehicle	Investee of Grovood	Purchase	1,278,975	4	T/T 90 days	-	(787,975)	(1)
D. Mfg.	Investee of Darzins	Purchase	367,040	1	T/T 60 days	-	(281,514)	(6)	
Giant China	Investee of Grovood	Purchase	176,509	1	T/T 90 days	-	(41,343)	(1)	
Microprogram	Investee of Giant	Purchase	148,305	-	T/T 75 days	-	(26,237)	(1)	
Giant Tianjin	Investee of Grovood	Purchase	126,111	-	T/T 90 days	-	(35,539)	(1)	
Youbike	Investee of Giant	Sales	(197,598)	(1)	Net 30 days	-	(14,450)	(2)	
Giant Kunshan	Investee of Giant Holding	Purchase	285,232	23	T/T 35 days	-	-	-	
Giant Europe	Investee of Giant	Sales	(524,615)	(4)	T/T 60 days	-	(48,964)	(3)	
Giant China	Investee of Giant Holding	Purchase	121,212)	(4)	T/T 60 days	-	122,101	4	
Giant Kunshan	Investee of Giant Holding	Purchase	224,699	2	T/T 90 days	-	RMB 28,122	(89,566)	
Giant UK	Investee of Giant Europe	Sales	(417,242)	(4)	T/T 90 days	-	(RMB 20,628)	147,055	
Giant Hungary Mfg.	Investee of Giant Europe	Sales	(96,404)	(5)	T/T 90 days	-	RMB 33,869	33,869	
Giant Poland	Investee of Giant Europe	Sales	(620,088)	(5)	T/T 90 days	-	RMB 553,835	81,493	
Giant Europe Mfg.	Investee of Giant Europe	Sales	(144,323)	(1)	T/T 60 days	-	RMB 24,350	5,608	
Giant Europe Mfg.	Investee of Giant Europe	Sales	(110,735)	(1)	T/T 90 days	-	RMB 24,740	5,698	

(Continued)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Transaction Details		Abnormal Transaction		Notes and Accounts Receivable (Payable)		
			Purchase or Sale	Amount (Note)	% to Total	Collection Terms	Unit Price	Collection Terms	Ending Balance (N ote)
Giant Electric Vehicle	Giant Europe	Investee of Giant Europe	Sales	(388,997)	(4)	T/T 60 days	-	\$ 173,069	7
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(89,878)	(18)	T/T 90 days	-	RMB 39,630	13
	Giant USA	Investee of Giant Europe	Sales	(1,609,945)	(11)	T/T 60 days	-	304,830	15
	Giant Canada	Investee of Giant Europe	Sales	(371,977)	(3)	T/T 60 days	-	70,207	3
	Giant Australia	Investee of Giant Europe	Sales	(213,748)	(2)	T/T 60 days	-	34,947	2
	Giant Australia	Investee of Giant Europe	Sales	(296,528)	(2)	T/T 60 days	-	80,367	3
	Giant Benelux	Investee of Giant Europe	Sales	(370,418)	(2)	T/T 60 days	-	62,840	2
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(85,585)	(2)	T/T 60 days	-	14,473	2
	Giant Kunshan	Investee of Giant Europe	Sales	(189,216)	(2)	T/T 60 days	-	57,335	2
	Giant Kunshan	Investee of Giant Europe	Sales	(169,325)	(2)	T/T 60 days	-	54,185	2
	Giant Kunshan	Investee of Giant Europe	Sales	(39,123)	(9)	T/T 90 days	-	167,476	7
	Giant Kunshan	Investee of Giant Holding	Purchase	(415,936)	(3)	T/T 90 days	-	RMB 38,572	118,825
	Giant Chengdu	Investee of Giant Holding	Purchase	111,770	3	T/T 90 days	-	RMB 27,367	(183,436)
	Giant USA	Investee of Merdeka	Sales	(420,326)	(9)	T/T 90 days	-	(RMB 42,248)	98,970
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(97,116)	(15)	T/T 90 days	-	RMB 22,794	58,128
	Giant Chengdu	Investee of Giant Europe	Sales	(350,664)	(3)	T/T 90 days	-	RMB 134,003	134,003
	Giant USA	Investee of Giant Europe	Sales	(259,154)	(1)	T/T 120 days	-	RMB 16,710	72,554
	Giant Hungary Mfg.	Investee of Merdeka	Sales	(153,416)	(2)	T/T 90 days	-	RMB 38,527	16,710
	Giant Chengdu	Investee of Merdeka	Sales	(165,982)	(2)	T/T 90 days	-	RMB 8,873	38,527
	Giant Australia	Investee of Giant Europe	Sales	(38,330)	(6)	T/T 30 days	-	RMB 25,884	8,873
	Giant Canada	Investee of Giant Europe	Sales	(622,180)	(4)	T/T 30 days	-	RMB 115,827	5,961
	Giant Japan	Investee of Giant Europe	Sales	(381,704)	(4)	T/T 90 days	-	RMB 26,677	117,181
	Giant Japan	Investee of Giant Europe	Sales	(88,193)	(8)	T/T 30 days	-	RMB 26,988	26,988
Giant Korea	Investee of Giant Europe	Sales	(795,796)	(3)	T/T 60 days	-	RMB 108,664	108,664	
Giant Mexico	Investee of Giant Europe	Sales	(183,868)	(3)	T/T 60 days	-	RMB 25,027	37,338	
Giant Mexico	Investee of Giant Europe	Sales	(64,270)	(1)	T/T 90 days	-	RMB 8,599	8,599	
Giant Germany	Investee of Giant Europe	Sales	(125,348)	(21)	T/T 30 days	-	RMB 60,251	60,251	
Giant France	Investee of Giant Europe	Sales	(977,848)	(29)	T/T 30 days	-	RMB 13,877	13,877	
Giant Benelux	Investee of Giant Europe	Sales	(1,389,424)	(14)	T/T 30 days	-	EUR 6,111	19,125	
Giant Italy	Investee of Giant Europe	Sales	(671,941)	(9)	T/T 30 days	-	EUR 302,792	302,792	
Giant Germany	Investee of Giant Europe	Sales	(20,337)	(26)	T/T 30 days	-	EUR 275,738	275,738	
Giant Germany	Investee of Giant Europe	Purchase	(439,312)	(3)	T/T 30 days	-	EUR 8,812	8,812	
Giant Germany	Investee of Giant Europe	Purchase	(13,296)	(9)	T/T 30 days	-	EUR 180,658	180,658	
Giant Germany	Investee of Giant Europe	Purchase	(147,753)	3	T/T 30 days	-	EUR 5,773	5,773	

(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 Europe Mfg.	Giant Germany	Investee of Giant Europe	Sales	\$ (747,168)	(8)	T/T 30 days	\$	-	-	1,035	-
	Giant Benelux	Investee of Giant Europe	Sales	(EUR) 22,614	(21)	T/T 30 days	-	-	-	33	11
	Giant UK	Investee of Giant Europe	Sales	(EUR) 1,860,252	(5)	T/T 30 days	-	-	-	74,583	1
	Giant France	Investee of Giant Europe	Sales	(EUR) 56,302	(6)	T/T 30 days	-	-	-	2,384	5
	Giant Europe	Investee of Gaiwin	Sales	(EUR) (466,045)	(6)	T/T 30 days	-	-	-	4,377	7
	Giant Europe	Investee of Gaiwin	Sales	(EUR) 14,105	(27)	T/T 30 days	-	-	-	140	12
	Giant UK	Investee of Giant Europe	Sales	(EUR) (525,407)	(6)	T/T 30 days	-	-	-	33,929	-
	Giant Benelux	Investee of Giant Europe	Sales	(EUR) (491,827)	(6)	T/T 30 days	-	-	-	1,084	-
	Giant Polska	Investee of Giant Europe	Sales	(EUR) 14,886	(7)	T/T 30 days	-	-	-	1,401	-
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(EUR) (461,878)	(7)	T/T 30 days	-	-	-	35,308	-
D. Mag	Golden Rich	Investee of D. Mag	Sales	(EUR) 13,979	(12)	T/T 30 days	-	-	-	1,128	-
	Giant Tianjin	Investee of D. Mag	Sales	(EUR) (104,748)	(3)	T/T 120 days	-	-	-	316	-
	Light Metal Hatan	Investee of D. Mag	Sales	(EUR) 123,423	(3)	T/T 30 days	-	-	-	10	-
	Giant Kunshan	Investee of D. Mag	Sales	(EUR) 3,736	(7)	T/T 30 days	-	-	-	10	-
	Giant China	Investee of D. Mag	Sales	(EUR) (125,130)	(7)	T/T 30 days	-	-	-	316	-
		Investee of D. Mag	Sales	(EUR) 3,787	(12)	T/T 30 days	-	-	-	10	-
		Investee of D. Mag	Sales	(EUR) (199,267)	(3)	T/T 30 days	-	-	-	188,716	66
		Investee of D. Mag	Sales	(EUR) 6,031	(3)	T/T 30 days	-	-	-	6,031	3
		Investee of D. Mag	Sales	(RMB) 210,500	(3)	T/T 30 days	-	-	-	65,114	3
		Investee of D. Mag	Sales	(RMB) 48,636	(1)	T/T 30 days	-	-	-	14,997	3
Giant Electric Vehicle	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB) 235,305	(3)	T/T 30 days	-	-	-	60,500	5
	Quanzhou YouBike	Investee of Giant Europe	Sales	(RMB) 54,367	(1)	T/T 30 days	-	-	-	13,934	13
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB) 103,182	(9)	T/T 30 days	-	-	-	93,901	5
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB) 23,840	(3)	T/T 30 days	-	-	-	21,627	13
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB) 721,167	(3)	T/T 30 days	-	-	-	240,655	5
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB) 166,625	(3)	T/T 30 days	-	-	-	55,426	5
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB) 265,283	(3)	T/T 30 days	-	-	-	85,988	5
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB) 61,386	(3)	T/T 30 days	-	-	-	19,807	5
		Investee of Giant Europe	Sales	(RMB) 61,386	(3)	T/T 30 days	-	-	-	19,807	5
		Investee of Giant Europe	Sales	(RMB) 61,386	(3)	T/T 30 days	-	-	-	19,807	5

(Continued)

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 5

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTD100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(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	5	\$	-	\$ 228,895	-
	Giant Europe	Investee of Gaiwin	Other receivables - related parties	-	-	-	2,330	-
	Giant Australia	Investee of Gaiwin	Accounts receivable - related parties	5	-	-	236,947	-
	Giant Europe Mfg.	Investee of Giant Europe	Other receivables - related parties	-	-	-	-	-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties	7	-	-	957,940	-
	Giant Germany	Investee of Giant Europe	Other receivables - related parties	3	-	-	2,211	-
	Giant Kunshan	Investee of Giant Europe	Accounts receivable - related parties	7	-	-	84,106	-
	Giant Electric Vehicle	Investee of Giant Europe	Other receivables - related parties	24	-	-	104,649	-
	Giant UK	Investee of Giant Europe	Accounts receivable - related parties	6	-	-	47,663	-
	Giant Hungary Mfg.	Investee of Giant Europe	Other receivables - related parties	105	-	-	35,778	-
Giant China	Quanzhou YouBike	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	190,657	-
	Giant Hungary Mfg.	Investee of Giant Europe	Other receivables - related parties	4	-	-	-	-
	Giant Europe	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	-	-
	Giant UK	Investee of Giant Europe	Other receivables - related parties	4	-	-	-	-
	Giant	Parent company	Accounts receivable - related parties	4	-	-	-	-
	Puitan YouBike	Investee of Giant Europe	Loans receivable - related parties	3	-	-	-	-
	Giant Europe Mfg.	Investee of Giant Europe	Other receivables - related parties	21	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	6	-	-	-	-
	Giant USA	Investee of Gaiwin	Other receivables - related parties	9	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	4	-	-	-	-
Giant Electric Vehicle	Giant UK	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	-	-
	Giant	Parent company	Accounts receivable - related parties	4	-	-	-	-
	Puitan YouBike	Investee of Giant Europe	Accounts receivable - related parties	3	-	-	-	-
	Giant Europe Mfg.	Investee of Giant Europe	Other receivables - related parties	21	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	6	-	-	-	-
	Giant USA	Investee of Gaiwin	Other receivables - related parties	9	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	4	-	-	-	-
		Investee of Gaiwin	Accounts receivable - related parties	4	-	-	-	-
		Investee of Gaiwin	Accounts receivable - related parties	4	-	-	-	-
		Investee of Gaiwin	Accounts receivable - related parties	3	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Financial Statement Account & Ending Balance (Note)		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Account	Amount		Amount	Action Taken		
Giant Kunshan	Giant	Parent company	Accounts receivable - related parties	\$ 281,514	5	\$ -	\$ 183,343	\$ -	
	Giant Japan	Investee of Gaiwin	Other receivables - related parties	57	-	-	-	-	
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties	108,664	9	-	-	-	
	Giant Tianjin	Investee of Gaiwin	Accounts receivable - related parties	581,828	4	-	298,319	-	
	Giant Australia	Investee of Gaiwin	Accounts receivable - related parties	11,794	-	-	117,124	-	
	Giant Canada	Investee of Gaiwin	Accounts receivable - related parties	183,436	4	-	154	-	
	Giant	Investee of Gaiwin	Accounts receivable - related parties	247	-	-	108,654	-	
	Giant Kunshan	Investee of Gaiwin	Accounts receivable - related parties	115,827	9	-	2,456	-	
	Giant France	Investee of Gaiwin	Accounts receivable - related parties	2,456	5	-	27,568	-	
	Giant Italy	Investee of Gaiwin	Accounts receivable - related parties	117,181	-	-	14,325	-	
	Giant Benelux	Investee of Gaiwin	Accounts receivable - related parties	143,29	-	-	-	-	
	Giant Germany	Investee of Gaiwin	Accounts receivable - related parties	114,450	2	-	-	-	
	Giant UK	Investee of Gaiwin	Accounts receivable - related parties	118,825	7	-	-	-	
	Giant Hungary Mfg.	Investee of Gaiwin	Accounts receivable - related parties	302,792	4	-	161,235	-	
	Giant Europe Mfg.	Investee of Gaiwin	Accounts receivable - related parties	180,658	3	-	34,386	-	
	Giant Europe Mfg.	Investee of Gaiwin	Accounts receivable - related parties	275,738	4	-	-	-	
	Giant Europe Mfg.	Investee of Gaiwin	Accounts receivable - related parties	191,225	10	-	106,299	-	
	Giant Europe Mfg.	Investee of Gaiwin	Other receivables - related parties	255,741	-	-	-	-	
	Giant Europe Mfg.	Investee of Gaiwin	Accounts receivable - related parties	242,973	-	-	-	-	
	Giant Europe Mfg.	Investee of Gaiwin	Accounts receivable - related parties	188,716	2	-	-	-	
	Giant Europe Mfg.	Investee of Gaiwin	Loans receivable - related parties	782,265	-	-	-	-	
	Giant USA	Investee of Gaiwin	Other receivables - related parties	112,936	-	-	-	-	

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 6

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% to Total Sales or Assets
				Financial Statement Account	Amount (Note 2)	Payment Terms	
0	Giant	Giant Europe Mfg. Giant Germany Giant USA Giant UK Giant Kunshan Giant Electric Vehicle Giant France Giant USA Giant Europe Mfg. Giant France Giant Benelux Giant USA	1 1 1 1 1 1 1 3 3 3 3	Sales Sales Accounts receivable - related parties Sales Sales Sales Purchase Purchase Sales Sales Sales Sales Sales	\$ (2,339,708) (4,497,955) 1,948,009 (2,059,633) (2,981,578) (1,244,987) 1,278,975 2,615,817 (1,563,527) (1,609,945) (925,120) (1,389,424) (1,860,252) (1,517,701)	T/T 45 days T/T 90 days T/T 90 days T/T 60 days T/T 60 days T/T 50 days T/T 90 days T/T 90 days T/T 45 days T/T 90 days T/T 60 days T/T 30 days T/T 90 days	3 5 3 3 4 2 2 3 2 2 1 2 2 2
1	Giant Electric Vehicle	Giant USA	3	Sales	(925,120)	T/T 60 days	1
2	Giant Europe	Giant France	3	Sales	(1,389,424)	T/T 30 days	2
3	Giant Europe Mfg.	Giant Benelux	3	Sales	(1,860,252)	T/T 30 days	2
4	Giant Kunshan	Giant USA	3	Sales	(1,517,701)	T/T 90 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.

TABLE 7

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Percentage of Ownership	Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020					
Giant	Growood	Singapore	Overseas reinvested holding company	USD 18,063	USD 18,063	\$ 5,833,211	100	\$ 1,584,933	\$ 1,503,760	Subsidiary
	Gaiwin	Lelystad, Netherlands	Overseas reinvested holding company	USD 7,243	USD 7,243	9,805,055	100	1,500,694	1,500,694	Subsidiary
	Darzins	British Virgin Islands	Overseas reinvested holding company	USD 14,889	USD 14,889	3,241,863	100	529,930	511,907	Subsidiary
	Merdeka	Taipei	Overseas reinvested holding company	USD 6,000	USD 6,000	204,614	100	22,137	22,066	Subsidiary
	Giant Sales	Taipei	Sale of bicycles and related products and bicycle rental	\$ 140,000	\$ 140,000	474,748	100	256,225	256,225	Subsidiary
	YoutBike	Taipei	Public bicycle rental	800,000	800,000	891,849	100	59,865	(3,295)	Subsidiary
	AIPS	Taipei	Manufacturing and sale of sporting goods	500,000	500,000	559,706	100	59,865	59,865	Subsidiary
	Giant Mexico	Mexico, Mexico	Sale of bicycles and related products	MXN 244,352	MXN 244,352	88,997	-	(8,402)	-	Indirectly owned subsidiary
	Microprogram	Taipei	Hardware and software research of computer and sale of related products	10,000	10,000	38,732	100	9,691	(8,402)	Investments accounted for using the equity method
	Giant Sales	Taipei	Undertake domestic and international tourism trade business	EUR 15,736	EUR 15,736	165,754	100	20,815	(Note 1)	Indirectly owned subsidiary
Gaiwin	Giant Europe	Lelystad, Netherlands	Overseas reinvested holding company and sale of bicycles and related products	USD 47,618	USD 47,618	EUR 52,610	100	EUR 2,353	(Note 1)	Indirectly owned subsidiary
	Giant USA	California, USA	Sale of bicycles and related products	JPY 200,000	JPY 200,000	EUR 14,592	100	EUR 3,720	(Note 1)	Indirectly owned subsidiary
	Giant Japan	Kawasaki, Japan	Sale of bicycles and related products	AUD 500	AUD 500	EUR 29,489	100	EUR 9,921	(Note 1)	Indirectly owned subsidiary
	Giant Australia	Vancouver, Canada	Sale of bicycles and related products	CAD 1,052	CAD 1,052	EUR 14,406	100	EUR 4,375	(Note 1)	Indirectly owned subsidiary
	Giant Canada	Vancouver, Canada	Sale of bicycles and related products	KRW 734,000	KRW 734,000	EUR 3,341	100	EUR 2,264	(Note 1)	Indirectly owned subsidiary
	Giant Korea	Seoul, South Korea	Sale of bicycles and related products	MXN 70,059	MXN 70,059	EUR 4,624	100	EUR 1,588	(Note 1)	Indirectly owned subsidiary
	Giant Mexico	Mexico, Mexico	Sale of bicycles and related products	EUR 3,472	EUR 3,472	EUR 15,989	100	EUR 4,634	(Note 1)	Indirectly owned subsidiary
	Giant Germany	Erkath, Germany	Sale of bicycles and related products	EUR 4,200	EUR 4,200	EUR 14,389	100	EUR 4,403	(Note 1)	Indirectly owned subsidiary
	Giant France	Aix en Provence, France	Sale of bicycles and related products	GBP 200	GBP 200	EUR 18,180	100	EUR 2,573	(Note 1)	Indirectly owned subsidiary
	Giant UK	Leteester, United Kingdom	Sale of bicycles and related products	EUR 227	EUR 227	EUR 57,940	100	EUR 2,275	(Note 1)	Indirectly owned subsidiary
D. Mag	Giant Europe Mfg.	Lelystad, Netherlands	Manufacture and sale of bicycles	PLN 150	PLN 150	EUR 7,771	100	EUR 658	(Note 1)	Indirectly owned subsidiary
	Giant Polska	Warsaw, Poland	Sale of bicycles and related products	EUR 3,230	EUR 3,230	EUR 16,468	100	EUR 3,695	(Note 1)	Indirectly owned subsidiary
	Giant Benelux	Lelystad, Netherlands	Sale of bicycles and related products	EUR 200	EUR 200	EUR 2,300	100	EUR 831	(Note 1)	Indirectly owned subsidiary
	Giant Italy	Gallarate, Italy	Sale of bicycles and related products	EUR 15,000	EUR 15,000	EUR 9,747	100	EUR (150)	(Note 1)	Indirectly owned subsidiary
	Giant Hungary Mfg.	Gyongyos, Hungary	Manufacture and sale of bicycles	USD 100	USD 100	RMB 4,410	100	RMB 3,144	(Note 1)	Indirectly owned subsidiary
	Golden Rich	Hong Kong	International trade	USD 100	USD 100	RMB (432)	100	RMB (436)	(Note 1)	Indirectly owned subsidiary
	Light Metal Malaysia	Malaysia	Sale of medium and high-end aluminum wheel hub products	USD 100	USD 100	-	100	-	(Note 1)	Indirectly owned subsidiary

Note 1: Not applicable.

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

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

TABLE 8

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Investment Flows		Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Value as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow					
Giant China	Manufacture and sale of bicycles and parts	RMB 273,040 (USD 37,500)	(Note 1)	\$ 489,599 (Note 3)	\$ -	\$ -	\$ 655,726	100%	\$ 658,372	\$ 4,157,168	\$ 8,716,800
Giant Electric Vehicle	Manufacture and sale of electric vehicle	RMB 40,465 (USD 5,000)	(Note 1)	(Note 3)	-	-	799,966	100%	725,133	1,307,840	2,885,299
Giant Chengdu	Sale of bicycles and parts	RMB 49,663 (USD 6,000)	(Note 1)	199,182 (Note 3)	-	-	22,158	100%	22,087	203,825	108,998
Giant Tianjin	Manufacture and sale of bicycles and parts	RMB 89,614 (USD 12,000)	(Note 1)	(Note 3)	-	-	178,215	100%	169,230	683,442	918,213
Giant Holding	Overseas reinvested holding company	RMB 577,569 (USD 88,500)	(Note 2)	2,681,933 (Note 6)	-	-	882,194	100%	774,729	4,096,175	512,400
Giant Kunshan	Manufacture and sale of bicycles and parts	RMB 236,288 (USD 35,000)	(Note 6)	(Note 6)	-	-	872,933	100%	765,467	2,332,641	-
Giant Cycling Service	Lease of bicycle and promotion of outdoor activities	RMB 6,595 (USD 1,000)	(Note 6)	(Note 6)	-	-	(672)	100%	(672)	3,199	-
Jiangsu Giant	Undertake China tourism business	RMB 5,000	(Note 7)	(Note 7)	-	-	(6,423)	100%	(6,423)	(313)	-
Quanzhou YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(42,736)	100%	(42,736)	94,962	-
D. Mag	Manufacture and sale of new aluminum alloy products	RMB 360,000	(Note 4)	(Notes 4 and 10)	-	-	952,970	60%	564,649	3,298,913	-
Giant Jiangsu	Manufacture and sale of bicycles and parts	RMB 331,779 (USD 52,500)	(Note 6)	(Note 6)	-	-	28,780	100%	28,780	1,594,394	-
Light Metal Haian	Manufacture and sale of alloy materials, semi-solid aluminum, and superplastic aluminum	RMB 110,000	(Note 11)	(Note 11)	-	-	(42,622)	60%	(25,741)	257,042	-
Putian YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	10,039	100%	10,039	220,817	-
Meiki Giant	Sale and repair of computer and mechanical equipment	RMB 3,200	(Note 6)	(Note 6)	-	-	4,425	33%	1,460	6,050	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 3,646,639	USD 178,000 and RMB 21,261	(Note 9)

Note 1: Reinvestment made in Mainland China through the investor's investment company in a third area.

Note 2: Investee of Giant.

Note 3: Investee of Growood.

Note 4: D. Mag is an associate of Giant Light Metal, a subsidiary of Darzins which is directly owned by the Company. Giant Light Metal merged with D. Mag in November 2020, with D. Mag as the surviving company.

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: Accumulated investment amount of Giant Light Metal was \$54,370 thousand. Chuansin Kunshan merged with Giant Light Metal in December 2011. Accumulated investment amount of Chuansin Kunshan was \$221,555 thousand.

Note 11: Investee of D. Mag.

Note 12: Significant intercompany accounts and transactions have been eliminated.

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, 2021
(In Thousands of New Taiwan Dollars)

TABLE 9

Counterparty	Nature of Relationship	Purchase/Sale	Amount (Note)	Trade Condition		Abnormal Transaction	Notes/Accounts Receivable (Payable)		Unrealized Gain (Note)
				Prices	Payment Terms		Ending Balance	% to Total	
Giant China	Giant directly or indirectly holds more than 50% of shares	Sales	\$ 644,223	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	\$ 83,706	1	\$ 8,701
Giant Electric Vehicle	Giant directly or indirectly holds more than 50% of shares	Purchase	176,509	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(26,237)	(1)	48,349
Giant Kunshan	Giant directly or indirectly holds more than 50% of shares	Purchase	2,615,817	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(787,975)	(17)	252,097
D. Mag	Giant directly or indirectly holds more than 50% of shares	Sales	501,505	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	144,729	2	16,849
Giant Timjin	Giant directly or indirectly holds more than 50% of shares	Purchase	1,278,975	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(281,514)	(6)	215,042
		Sales	673,049	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	171,384	2	1,553
		Purchase	367,040	Depending on specific diversity of products and related market trends	T/T 60 days	No material difference	(41,343)	(1)	34,944
		Sales	152,334	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	62,398	1	227

Note: Significant intercompany accounts and transactions have been eliminated.

The latest audited the parent-company-only financial report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

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, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 reports of other auditors.

Key Audit Matters

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

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is stated as follows:

Authenticity of sales revenue from major customers

The Company's sales revenue from major customers was significant to the Company's net sales revenue for the year ended December 31, 2021. 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 payments, to confirm the authenticity of revenue recognition.
3. We reviewed significant sales returns and discounts recorded after the year and confirmed that they occurred after the balance sheet date.

Other Matter

We did not audit the financial statements of Gaiwin B.V. ("Gaiwin"), investees of Gaiwin and Microprogram Information Co., Ltd. ("Microprogram"), which are investees of the Company and are accounted for using the equity method for the years ended December 31, 2021 and 2020, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Company's financial statements for these investees, is based solely on the reports of other auditors. The aforementioned investments accounted for using the equity method were NT\$9,894,052 thousand and NT\$9,616,731 thousand, representing 20% and 24%, respectively, of the Company's total assets as of December 31, 2021 and 2020, respectively. The comprehensive income of these investees was NT\$691,235 thousand and NT\$1,441,808 thousand, respectively, representing 13% and 28% of the Company's total comprehensive income for the years ended December 31, 2021 and 2020, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 29, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 611,583	1	\$ 703,050	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,417	-	-	-
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	12,089	-
Notes receivable (Notes 4 and 10)	452	-	21	-
Accounts receivable from unrelated parties (Notes 4 and 10)	3,284,596	7	1,863,519	5
Accounts receivable from related parties (Notes 4 and 30)	5,382,631	11	3,520,847	9
Other receivables (Note 30)	154,912	-	476,270	1
Inventories (Notes 4 and 11)	8,072,818	17	4,491,679	11
Other current assets (Note 13)	120,692	-	95,774	-
Total current assets	<u>17,629,101</u>	<u>36</u>	<u>11,163,249</u>	<u>28</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,071	-	1,814	-
Investments accounted for using the equity method (Notes 4 and 12)	25,196,220	51	23,224,552	58
Property, plant and equipment (Notes 4, 14 and 30)	3,937,729	8	3,853,656	9
Right-of-use assets (Notes 4 and 15)	268,459	1	273,950	1
Investment properties (Notes 4 and 16)	290,849	1	265,126	1
Other intangible assets (Note 4)	273,943	1	261,435	1
Deferred tax assets (Notes 4 and 24)	1,122,819	2	853,712	2
Prepayments for equipment	222,168	-	92,226	-
Other non-current assets (Note 17)	16,047	-	36,068	-
Total non-current assets	<u>31,330,305</u>	<u>64</u>	<u>28,862,539</u>	<u>72</u>
TOTAL	<u>\$ 48,959,406</u>	<u>100</u>	<u>\$ 40,025,788</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans (Note 18)	\$ 9,100,000	19	\$ 4,194,675	11
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	5,782	-
Notes payable	720	-	-	-
Accounts payable	3,357,578	7	3,206,570	8
Accounts payable to related parties (Note 30)	1,305,891	3	1,302,535	3
Other payables (Notes 19 and 30)	2,718,000	5	2,366,914	6
Current tax liabilities (Notes 4 and 24)	1,325,605	3	654,273	2
Provisions - current (Notes 4 and 20)	156,673	-	162,790	-
Lease liabilities - current (Notes 4 and 15)	5,983	-	7,316	-
Other current liabilities	89,040	-	114,697	-
Total current liabilities	<u>18,059,490</u>	<u>37</u>	<u>12,015,552</u>	<u>30</u>
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 18 and 26)	1,674,094	4	1,399,087	4
Deferred tax liabilities (Notes 4 and 24)	1,158,036	2	877,297	2
Lease liabilities - non-current (Notes 4 and 15)	264,038	1	267,329	1
Deferred revenue - non-current (Notes 4, 18 and 26)	124,906	-	123,913	-
Net defined benefit liabilities (Notes 4 and 21)	203,026	-	169,312	-
Total non-current liabilities	<u>3,424,100</u>	<u>7</u>	<u>2,836,938</u>	<u>7</u>
Total liabilities	<u>21,483,590</u>	<u>44</u>	<u>14,852,490</u>	<u>37</u>
EQUITY				
Ordinary shares	3,750,646	7	3,750,646	9
Capital surplus	1,792,401	4	1,792,401	5
Retained earnings				
Legal reserve	5,350,968	11	4,846,055	12
Special reserve	1,938,124	4	1,955,207	5
Unappropriated retained earnings	17,165,872	35	14,767,113	37
Other equity	(2,522,195)	(5)	(1,938,124)	(5)
Total equity	<u>27,475,816</u>	<u>56</u>	<u>25,173,298</u>	<u>63</u>
TOTAL	<u>\$ 48,959,406</u>	<u>100</u>	<u>\$ 40,025,788</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2022)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET SALES REVENUE (Notes 4 and 30)	\$ 34,865,724	100	\$ 28,014,958	100
COST OF GOODS SOLD (Notes 11, 23 and 30)	<u>29,572,599</u>	<u>85</u>	<u>24,382,562</u>	<u>87</u>
GROSS PROFIT	5,293,125	15	3,632,396	13
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>(329,543)</u>	<u>(1)</u>	<u>114,672</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>4,963,582</u>	<u>14</u>	<u>3,747,068</u>	<u>13</u>
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	648,949	2	629,882	2
General and administrative expenses	1,217,813	3	916,931	3
Research and development expenses	651,155	2	575,296	2
Expected credit loss (gain) (Notes 4 and 10)	<u>3,068</u>	<u>-</u>	<u>(854)</u>	<u>-</u>
Total operating expenses	<u>2,520,985</u>	<u>7</u>	<u>2,121,255</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>2,442,597</u>	<u>7</u>	<u>1,625,813</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 23 and 30)	(52,414)	-	(52,773)	-
Share of profit of subsidiaries and associates accounted for using the equity method (Note 12)	4,617,550	13	4,031,720	14
Interest income	12,320	-	26,581	-
Royalty income (Note 30)	201,145	1	147,580	1
Dividend income	75	-	6,167	-
Management service income (Note 30)	20,368	-	16,784	-
Other income (Notes 16, 26 and 30)	92,827	-	116,593	-
Gain (loss) on disposal of property, plant and equipment, net (Note 4)	226	-	(318)	-
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss (Note 4)	7,199	-	(5,761)	-
Other expenses (Notes 4 and 12)	(129,453)	-	(4,498)	-
Foreign exchange loss, net (Note 4)	<u>(174,547)</u>	<u>(1)</u>	<u>(123,982)</u>	<u>-</u>
Total non-operating income and expenses	<u>4,595,296</u>	<u>13</u>	<u>4,158,093</u>	<u>15</u>
PROFIT BEFORE INCOME TAX	7,037,893	20	5,783,906	21
INCOME TAX EXPENSE (Notes 4 and 24)	<u>1,107,819</u>	<u>3</u>	<u>834,947</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>5,930,074</u>	<u>17</u>	<u>4,948,959</u>	<u>18</u>

(Continued)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 21)	\$ (53,506)	-	\$ (55,214)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	257	-	136,164	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(163)	-	3,282	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>10,701</u>	-	<u>11,043</u>	-
	<u>(42,711)</u>	-	<u>95,275</u>	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	(730,410)	(2)	27,049	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 12)	-	-	334	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 24)	<u>146,082</u>	-	<u>(5,410)</u>	-
	<u>(584,328)</u>	(2)	<u>21,973</u>	-
Other comprehensive income (loss) for the year, net of income tax	<u>(627,039)</u>	(2)	<u>117,248</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,303,035</u>	<u>15</u>	<u>\$ 5,066,207</u>	<u>18</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 15.81</u>		<u>\$ 13.19</u>	
Diluted	<u>\$ 15.73</u>		<u>\$ 13.12</u>	

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

(With Deloitte & Touche auditors' report dated March 29, 2022)

(Concluded)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021		2020		Total Equity
	Amount	%	Amount	%	
BALANCE AT JANUARY 1, 2020					\$ 21,843,084
Appropriation of 2019 earnings					-
Legal reserve					-
Special reserve					-
Cash dividends distributed by the Company - \$4.6 per share					(1,725,297)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method					(10,696)
Net profit for the year ended December 31, 2020					4,948,959
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax					136,164
Total comprehensive income for the year ended December 31, 2020					5,066,207
Disposal of investments in equity instruments designated as at fair value through other comprehensive income					(141,054)
BALANCE AT DECEMBER 31, 2020					25,173,298
Appropriation of 2020 earnings					-
Legal reserve					-
Special reserve					-
Cash dividends distributed by the Company - \$8.0 per share					(3,000,517)
Net profit for the year ended December 31, 2021					5,930,074
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax					257
Total comprehensive income (loss) for the year ended December 31, 2021					(627,039)
BALANCE AT DECEMBER 31, 2021					5,303,035

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 29, 2022)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,037,893	\$ 5,783,906
Adjustments for:		
Depreciation and amortization expenses	571,835	490,848
Expected credit loss recognized (reversed)	3,068	(854)
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(7,199)	5,761
Finance costs	52,414	52,773
Interest income	(12,320)	(26,581)
Dividend income	(75)	(6,167)
Share of profit of subsidiaries and associates accounted for using the equity method	(4,617,550)	(4,031,720)
Loss (gain) on disposal of property, plant and equipment, net	(226)	318
Write-down of inventories	9,894	58,164
Impairment loss recognized on non-financial assets	123,043	-
Unrealized (realized) gain on transactions with subsidiaries and associates	329,543	(114,672)
Unrealized loss (gain) on foreign currency exchange, net	37,892	(53,350)
Gain on disposal of subsidiaries	-	(72)
Other	(17)	(824)
Net changes in operating assets and liabilities		
Notes receivable	(431)	831
Accounts receivable	(3,314,598)	852,851
Other receivables	319,212	(400,427)
Inventories	(3,591,033)	(714,859)
Other current assets	(24,917)	(31,246)
Notes payable	720	-
Accounts payable	148,290	946,430
Other payables	265,098	465,149
Provisions	(6,117)	(20,761)
Other current liabilities	(25,659)	73,421
Net defined benefit liabilities	(19,793)	(76,813)
Cash generated from (used in) operations	(2,721,033)	3,252,106
Interest received	12,320	26,583
Interest paid	(52,634)	(50,090)
Income tax paid	(268,073)	(321,852)
Net cash generated from (used in) operating activities	<u>(3,029,420)</u>	<u>2,906,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	316,194
Proceeds from sale of financial assets at amortized cost	12,089	767,899
Consideration received in cash on disposal of subsidiaries (Note 27)	-	48,155
Payment for property, plant and equipment	(150,329)	(642,538)
Proceeds from disposal of property, plant and equipment	5,122	-
		(Continued)

GIANT MANUFACTURING CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Payments for intangible assets	\$ (58,951)	\$ (39,792)
Proceeds from disposal of intangible assets	331	-
Repayment by related parties	-	19,000
Decrease in other non-current assets	20,020	10,484
Increase in prepayments for equipment	(522,116)	(253,677)
Dividends received from subsidiaries and associates	1,462,723	2,974,128
Other dividends received	75	6,167
Acquisition of ownership interests in subsidiaries	-	(554,370)
Net cash generated from investing activities	<u>768,964</u>	<u>2,651,650</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	4,903,077	(4,103,077)
Proceeds from long-term bank loans	276,000	498,400
Repayment of the principal portion of lease liabilities	(9,571)	(9,260)
Dividends paid	(3,000,517)	(1,725,297)
Net cash generated from (used in) financing activities	<u>2,168,989</u>	<u>(5,339,234)</u>
NET INCREASE (DECREASE) IN CASH	(91,467)	219,163
CASH AT THE BEGINNING OF THE YEAR	<u>703,050</u>	<u>483,887</u>
CASH AT THE END OF THE YEAR	<u>\$ 611,583</u>	<u>\$ 703,050</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2022)

(Concluded)

GIANT MANUFACTURING CO., LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

The parent company only financial statements of Giant are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 25, 2022.

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 2022

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

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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 assets, and intangible assets

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

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 recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, notes receivable at amortized cost, accounts receivable and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

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

Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

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

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 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 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 on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH

	December 31	
	2021	2020
Cash on hand and petty cash	\$ 126	\$ 180
Checking accounts and demand deposits	<u>611,457</u>	<u>702,870</u>
	<u>\$ 611,583</u>	<u>\$ 703,050</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 1,417</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 5,782</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, 2021</u>				
Sell	USD/NTD	2022.1.7-2022.2.11	USD17,500/NTD485,532	27.64-27.83
	EUR/NTD	2022.1.7-2022.2.11	EUR9,000/NTD282,581	31.37-31.42
<u>December 31, 2020</u>				
Sell	USD/NTD	2021.1.8-2021.2.5	USD9,800/NTD276,489	28.09-28.49
	EUR/NTD	2021.1.21	EUR8,500/NTD292,756	34.32-34.53
	CAD/NTD	2021.1.20-2021.2.19	CAD2,600/NTD57,332	22-22.12

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	
	2021	2020
Domestic listed company	\$ <u>2,071</u>	\$ <u>1,814</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 Company 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

	December 31	
	2021	2020
Restricted deposits	\$ <u>-</u>	\$ <u>12,089</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

	December 31	
	2021	2020
<u>Notes receivable</u>		
Notes receivable	\$ <u>452</u>	\$ <u>21</u>
<u>Accounts receivable from unrelated parties</u>		
Accounts receivable	\$ 3,287,846	\$ 1,863,701
Less: Allowance for impairment loss	<u>(3,250)</u>	<u>(182)</u>
	\$ <u>3,284,596</u>	\$ <u>1,863,519</u>

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, 2021</u>					
Expected credit loss rate	0%	5%-40%	70%	100%	
Gross carrying amount	\$ 3,223,288	\$ 65,010	\$ -	\$ -	\$ 3,288,298
Loss allowance (lifetime ECL)	<u>-</u>	<u>(3,250)</u>	<u>-</u>	<u>-</u>	<u>(3,250)</u>
Amortized cost	<u>\$ 3,223,288</u>	<u>\$ 61,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,285,048</u>
<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>

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 182	\$ 1,036
Recognition (reversal)	<u>3,068</u>	<u>(854)</u>
Balance at December 31	<u>\$ 3,250</u>	<u>\$ 182</u>

11. INVENTORIES

	December 31	
	2021	2020
Finished goods and merchandise	\$ 2,558,191	\$ 1,906,959
Work in process	318,110	234,474
Raw materials and supplies	<u>5,196,517</u>	<u>2,350,246</u>
	<u>\$ 8,072,818</u>	<u>\$ 4,491,679</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$29,572,599 thousand and \$24,382,562 thousand, respectively.

The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs of \$9,894 thousand and \$58,164 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 25,107,223	\$ 23,004,110
Investments in associates	<u>88,997</u>	<u>220,442</u>
	<u>\$ 25,196,220</u>	<u>\$ 23,224,552</u>

a. Investment in subsidiaries

Investee	December 31			
	2021		2020	
	Amount	Ownership (%)	Amount	Ownership (%)
Gaiwin	\$ 9,805,055	100	\$ 9,396,289	100
Growood Investment Ltd. ("Growood")	5,833,211	100	5,478,745	100
Giant Holding Co., Ltd. ("Giant Holding")	4,096,176	100	3,297,046	100
Darzins Holdings Ltd. ("Darzins")	3,241,863	100	2,710,755	100
YouBike Co., Ltd. ("YouBike")	891,849	100	1,013,721	100
Giant Sales Co., Ltd. ("Giant Sales")	474,748	100	425,051	100
Merdeka International Ltd. ("Merdeka")	204,614	100	181,681	100
Giant Bicycle Mexico S. de R.L. de C.V. ("Giant Mexico")	1	-	981	-
AIPS Technology Co., Ltd. ("AIPS")	<u>559,706</u>	100	<u>499,841</u>	100
	<u>\$ 25,107,223</u>		<u>\$ 23,004,110</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 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, 2021 and 2020 were based on the subsidiaries financial statements audited by the auditors for the same years.

The difference between the investment cost and the net equity is attributable to goodwill and the changes in 2021 and 2020 are as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 70,968	\$ 69,244
Effect of exchange rate changes	<u>(6,601)</u>	<u>1,724</u>
Balance at December 31	<u>\$ 64,367</u>	<u>\$ 70,968</u>

b. Investments in associates

	December 31	
	2021	2020
Investments in insignificant associates	<u>\$ 88,997</u>	<u>\$ 220,442</u>

	For the Year Ended December 31	
	2021	2020
Net loss for the year	\$ (8,402)	\$ (10,562)
Other comprehensive income	<u>-</u>	<u>334</u>
Total comprehensive loss for the year	<u>\$ (8,402)</u>	<u>\$ (10,228)</u>

The Company's share of:

Net loss for the year	\$ (8,402)	\$ (10,562)
Other comprehensive income	<u>-</u>	<u>334</u>
Total comprehensive loss for the year	<u>\$ (8,402)</u>	<u>\$ (10,228)</u>

In 2021, the Company assessed the recoverable amount of an investment in an associate and recognized a loss of \$123,043 thousand, which was classified as other expenses.

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, 2021 and 2020 were based on the associate's financial statements which have been audited for the same years.

13. OTHER CURRENT ASSETS

	December 31	
	2021	2020
Prepaid expenses	\$ 42,194	\$ 71,704
Prepayment for purchases	37,814	17,931
Value - added tax	31,231	652
Others	<u>9,453</u>	<u>5,487</u>
	<u>\$ 120,692</u>	<u>\$ 95,774</u>

14. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2021				
	Beginning Balance	Additions	Disposals	Reclassified	Ending Balance
<u>Cost</u>					
Land	\$ 589,476	\$ -	\$ -	\$ (11,293)	\$ 578,183
Buildings	2,679,103	6,300	1,295	403,065	3,087,173
Machinery equipment	1,476,850	27,831	4,499	173,542	1,673,724
Mold equipment	361,301	19,377	1,304	62,159	441,533
Transportation equipment	38,621	6,152	95	1,936	46,614
Office equipment	102,441	14,724	-	17,841	135,006
Other equipment	207,043	24,830	647	53,798	285,024
Construction in progress	258,904	140,493	-	(399,397)	-
	<u>5,713,739</u>	<u>\$ 239,707</u>	<u>\$ 7,840</u>	<u>\$ 301,651</u>	<u>6,247,257</u>

Accumulated depreciation

Buildings	495,756	\$ 118,817	\$ 65	\$ (7,412)	607,096
Machinery equipment	903,845	183,956	1,060	-	1,086,741
Mold equipment	265,524	89,320	1,304	-	353,540
Transportation equipment	30,054	6,306	95	-	36,265
Office equipment	46,883	27,075	-	-	73,958
Other equipment	118,021	34,327	420	-	151,928
	<u>1,860,083</u>	<u>\$ 459,801</u>	<u>\$ 2,944</u>	<u>\$ (7,412)</u>	<u>2,309,528</u>
	<u>\$ 3,853,656</u>				<u>\$ 3,937,729</u>

	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	1,728,302	453,042	-	(1,922,440)	258,904
	<u>4,871,843</u>	<u>\$ 626,143</u>	<u>\$ 4,790</u>	<u>\$ 220,543</u>	<u>5,713,739</u>

(Continued)

	For the Year Ended December 31, 2020				
	Beginning Balance	Additions	Disposals	Reclassified	Ending Balance
<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	93,909	24,802	690	-	118,021
	<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>

(Concluded)

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

Buildings	
Main buildings	60 years
Electrical power equipment	10-50 years
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	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 265,445	\$ 271,210
Buildings	-	820
Others	<u>3,014</u>	<u>1,920</u>
	<u>\$ 268,459</u>	<u>\$ 273,950</u>

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	\$ 3,023	\$ 89,976
Depreciation charge for right-of-use assets		
Land	\$ 5,765	\$ 5,312
Buildings	820	1,275
Others	1,929	1,741
	\$ 8,514	\$ 8,328

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	\$ 5,983	\$ 7,316
Non-current	\$ 264,038	\$ 267,329

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	0.71%	0.71%
Buildings	0.71%	0.71%
Others	0.58%-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, 2021			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost	\$ 296,474	\$ -	\$ 36,087	\$ 332,561
Accumulated depreciation	31,348	2,952	7,412	41,712
	\$ 265,126	\$ 2,952	\$ 28,675	\$ 290,849

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

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	
	2021	2020
Year 1	\$ 8,716	\$ 9,843
Year 2	8,716	9,843
Year 3	8,716	9,843
Year 4	8,716	9,843
Year 5	8,716	9,843
	\$ 43,580	\$ 49,215

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	
	2021	2020
Fair value	\$ 834,016	\$ 404,174

The investment properties had been leased out under operating leases. The rental income, classified as non-operating income - other income, generated for the years ended December 31, 2021 and 2020 was \$9,946 thousand and \$9,843 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	
	2021	2020
Balance at January 1	\$ 13,992	\$ 25,345
Annuity insurance payment for the year	3,259	2,091
Annuity insurance received for the year	(11,421)	(14,004)
Increase in cash surrender value	<u>368</u>	<u>560</u>
Balance at December 31	<u>\$ 6,198</u>	<u>\$ 13,992</u>

18. LOANS

a. Short-term bank loans

	December 31	
	2021	2020
<u>Unsecured bank loans</u>		
Line of credit loans	<u>\$ 9,100,000</u>	<u>\$ 4,194,675</u>
Effective interest rates (%)	0.51-0.60	0.51-0.70

b. Long-term bank loans

	December 31	
	2021	2020
<u>Unsecured bank loans</u>		
Line of credit loans	\$ 1,799,000	\$ 1,523,000
Less: Discounts on government grants (Note 26)	<u>(124,906)</u>	<u>(123,913)</u>
	<u>\$ 1,674,094</u>	<u>\$ 1,399,087</u>
Effective interest rates (%)	0.01	0.01

Bank loans are due in 2027.

19. OTHER PAYABLES

	December 31	
	2021	2020
Salaries and bonuses	\$ 1,215,339	\$ 1,104,298
Payable for compensation of employees and remuneration of directors	713,419	583,236
Payable for purchase of equipment	131,207	41,920
Others	<u>658,035</u>	<u>637,460</u>
	<u>\$ 2,718,000</u>	<u>\$ 2,366,914</u>

20. PROVISIONS - CURRENT

	December 31	
	2021	2020
Warranties	<u>\$ 156,673</u>	<u>\$ 162,790</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:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 802,487	\$ 777,314
Fair value of plan assets	<u>(599,461)</u>	<u>(608,002)</u>
Net defined benefit liabilities	<u>\$ 203,026</u>	<u>\$ 169,312</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, 2020	\$ 714,877	\$ (523,966)	\$ 190,911
Service cost			
Current service cost	4,924	-	4,924
Net interest expense (income)	5,361	(4,033)	1,328
Recognized in profit or loss	10,285	(4,033)	6,252
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17,319)	(17,319)
Actuarial loss - changes in demographic assumptions	24	-	24
Actuarial loss - changes in financial assumptions	18,214	-	18,214
Actuarial loss - experience adjustments	54,295	-	54,295
Recognized in other comprehensive income	72,533	(17,319)	55,214
Contributions from the employer	-	(81,595)	(81,595)
Benefits paid	(20,381)	18,911	(1,470)
Balance at December 31, 2020	\$ 777,314	\$ (608,002)	\$ 169,312
Balance at January 1, 2021	\$ 777,314	\$ (608,002)	\$ 169,312
Service cost			
Current service cost	4,186	-	4,186
Net interest expense (income)	3,887	(3,107)	780
Recognized in profit or loss	8,073	(3,107)	4,966
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,335)	(7,335)
Actuarial loss - changes in demographic assumptions	18,599	-	18,599
Actuarial gain - changes in financial assumptions	(8,952)	-	(8,952)
Actuarial loss - experience adjustments	51,194	-	51,194
Recognized in other comprehensive income	60,841	(7,335)	53,506
Contributions from the employer	-	(24,690)	(24,690)
Benefits paid	(43,741)	43,673	(68)
Balance at December 31, 2021	\$ 802,487	\$ (599,461)	\$ 203,026

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:

	December 31	
	2021	2020
Discount rates	0.63%	0.5%
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	
	2021	2020
Discount rates		
0.25% increase	\$ (17,806)	\$ (18,214)
0.25% decrease	\$ 18,411	\$ 18,855
Expected rates of salary increase		
0.25% increase	\$ 17,815	\$ 18,220
0.25% decrease	\$ (17,323)	\$ (17,696)

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	
	2021	2020
Expected contributions to the plans for the next year	\$ 27,165	\$ 26,960
Average duration of the defined benefit obligation	9 years	9.5 years

22. EQUITY

- a. Ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	495,000	495,000
Shares authorized	\$ 4,950,000	\$ 4,950,000
Shares issued and fully paid (in thousands of shares)	375,065	375,065

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

On March 25, 2022, the Company's board of directors resolved to issue 17,000,000 ordinary shares for public subscription. The subscription base date will be determined after the transaction is approved by the FSC.

b. Capital surplus

	December 31	
	2021	2020
Share premium	\$ 1,624,005	\$ 1,624,005
Changes in percentage of ownership interests in subsidiaries	71,570	71,570
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>\$ 1,792,401</u>

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

The capital surplus from 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 2020 and 2019 which were approved in the shareholders' meetings on July 8, 2021, and June 19, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 504,913	\$ 337,463		
Special reserve (reversal)	(17,083)	583,478		
Cash dividends	3,000,517	1,725,297	\$ 8.0	\$ 4.6

The appropriation of earnings and dividends per share for 2021 which was proposed by the Company's board of directors on March 25, 2022 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 588,711	
Special reserve	584,071	
Cash dividends	3,750,646	\$ 10

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in their meeting to be held on June 23, 2022.

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, respectively.

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

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 50,229	\$ 50,470
Interest on lease liabilities	1,923	1,815
Interest on loans from related parties	<u>262</u>	<u>488</u>
	<u>\$ 52,414</u>	<u>\$ 52,773</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	\$ 1,251	\$ 9,825
Capitalization rate	0.56%-0.58%	0.59%-0.72%

b. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31					
	2021			2020		
	Operating Costs	Operating and Non-operating Expenses	Total	Operating Costs	Operating and Non-operating Expenses	Total
Short-term employee benefits	\$ 1,515,318	\$ 1,086,280	\$ 2,601,598	\$ 1,317,990	\$ 896,717	\$ 2,214,707
Labor insurance and health insurance	130,600	53,936	184,536	110,918	45,081	155,999
Post-employment benefits						
Defined contribution plans	42,420	18,250	60,670	38,234	17,018	55,252
Defined benefit plans	2,728	2,238	4,966	3,485	2,767	6,252
Remuneration of directors	-	178,976	178,976	-	150,713	150,713
Other employee benefits	110,784	35,475	146,259	96,203	32,353	128,556
Depreciation and amortization expenses	229,823	342,012	571,835	246,297	244,551	490,848

For the years ended December 31, 2021 and 2020, the average annual number of employees of the Company was 2,919 and 2,857, 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, 2021 and 2020, the average annual employee benefits expense were \$1,030 thousand and \$899 thousand, respectively. For the years ended December 31, 2021 and 2020, the average annual employee salaries were \$894 thousand and \$778 thousand, respectively. The average employee salaries increased by 15% in 2021.

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

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

- The Company's policy on compensation and remuneration is based on the individual's ability, the contribution to the company, the individual performance, which shows positive relation to the Company's performance. The overall compensation and remuneration includes three parts, which are basic salary, incentives and profit sharing, and benefits. Basic salary is determined by employee's roles and responsibilities and also benchmarked with market compensation surveys; incentives and profit sharing are based on employees' performance, departmental goals, or the Company's performance. Benefits are designed to provide employees with measures that can be shared, and the benefits are to take care of employees' needs for work and career and to satisfy the regulations and laws.

c. Employees' compensation and remuneration of directors

The shareholders of the Company held their regular meeting in July 2021 and resolved the amendments to the Company's Articles. According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates of 6%-12% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. Before the amendments, the Company accrued employees' compensation and remuneration of directors at rates of 6%-12% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 25, 2022 and March 26, 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	7.2%	\$ 558,393	7.2%	\$ 455,893
Remuneration of directors	2.0%	155,026	2.0%	127,343

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2020 and 2019.

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	
	2021	2020
Current tax		
In respect of the current year	\$ 849,358	\$ 864,252
Income tax on unappropriated earnings	67,727	-
Adjustments for prior years	22,319	(24,779)
Investment tax credits used	-	(30,056)
Taxed separately of repatriated offshore funds	-	11,653
	<u>939,404</u>	<u>821,070</u>
Deferred tax		
In respect of the current year	<u>168,415</u>	<u>13,877</u>
Income tax expense recognized in profit	<u>\$ 1,107,819</u>	<u>\$ 834,947</u>

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

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	\$ 1,407,579	\$ 1,156,781
Permanent differences	(668,054)	(290,950)
Temporary differences	109,833	(1,579)
Investment tax credit used	-	(30,056)
Income tax on unappropriated earnings	<u>67,727</u>	<u>-</u>
Current income tax expense	917,085	834,196
Deferred income tax expense		
Temporary differences	168,415	13,877
Taxed separately of repatriated offshore funds	-	11,653
Adjustments for prior years' tax	<u>22,319</u>	<u>(24,779)</u>
Income tax expense recognized in profit	<u>\$ 1,107,819</u>	<u>\$ 834,947</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ 10,701	\$ 11,043
Exchange difference on foreign operations	<u>146,082</u>	<u>(5,410)</u>
Total income tax recognized in other comprehensive income	<u>\$ 156,783</u>	<u>\$ 5,633</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, 2021			
	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	\$ 509,855	\$ -	\$ 146,082	\$ 655,937
Deferred recognition of bonus payable	130,340	34,317	-	164,657
Unrealized intercompany profit	64,643	65,909	-	130,552
Provisions	32,558	(1,223)	-	31,335
Unrealized provision for loss on inventory	39,549	1,978	-	41,527
Defined benefit obligation	30,329	-	10,701	41,030
Unrealized loss on foreign currency exchange	-	5,837	-	5,837
Others	<u>46,438</u>	<u>5,506</u>	<u>-</u>	<u>51,944</u>
	<u>\$ 853,712</u>	<u>\$ 112,324</u>	<u>\$ 156,783</u>	<u>\$ 1,122,819</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 745,861	\$ 278,247	\$ -	\$ 1,024,108
Reserve for land revaluation increment tax	98,974	-	-	98,974
Defined benefit obligation	30,712	3,959	-	34,671
Unrealized gain on foreign currency exchange	1,750	(1,750)	-	-
Others	<u>-</u>	<u>283</u>	<u>-</u>	<u>283</u>
	<u>\$ 877,297</u>	<u>\$ 280,739</u>	<u>\$ -</u>	<u>\$ 1,158,036</u>

For the Year Ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Exchange difference on foreign operations	\$ 515,265	\$ -	\$ (5,410)	\$ 509,855
Deferred recognition of bonus payable	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	31,228	15,210	-	46,438
	<u>\$ 843,911</u>	<u>\$ 4,168</u>	<u>\$ 5,633</u>	<u>\$ 853,712</u>
Deferred Tax Liabilities				
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	-	1,750	-	1,750
	<u>\$ 859,252</u>	<u>\$ 18,045</u>	<u>\$ -</u>	<u>\$ 877,297</u>

d. Income tax assessments

Except for 2018, income tax returns of the Company through 2019 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)
For the year ended December 31, 2021			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 5,930,074	375,065	<u>\$ 15.81</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	1,991	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 5,930,074</u>	<u>377,056</u>	<u>\$ 15.73</u>
For the year ended December 31, 2020			
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	-	2,225	
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>

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, 2021, the Company received a preferential interest rate loan of \$1,799,000 thousand from the government's "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan". The amount was used in capital expenditure and operating turnover. The loan was expected to be repaid 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 \$1,633,824 thousand on initial recognition. The difference of \$165,176 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 SUBSIDIARY

In order to focus on the core business of the Company and its subsidiaries, 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. For details about the disposal of G-Shang, please refer to Note 29 to the Company’s consolidated financial statements for the year ended December 31, 2021.

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash) and equity (comprising ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Company 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.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Financial assets at FVTOCI				
Domestic listed company	\$ 2,071	\$ -	\$ -	\$ 2,071
Financial liabilities at FVTPL				
Derivative financial instruments	\$ -	\$ 1,417	\$ -	\$ 1,417
<u>December 31, 2020</u>				
Financial assets at FVTOCI				
Domestic listed company	\$ 1,814	\$ -	\$ -	\$ 1,814
Financial liabilities at FVTPL				
Derivative financial instruments	\$ -	\$ 5,782	\$ -	\$ 5,782

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

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

Financial Instruments	Valuation Techniques and Inputs
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

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 1,417	\$ -
Financial assets at amortized cost (1)	9,434,174	6,575,796
Financial assets at FVTOCI	2,071	1,814
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	-	5,782
Financial liabilities at amortized cost (2)	16,161,272	10,705,321

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, notes payable, 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 32.

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	
	2021	2020
USD	\$ 37,551	\$ 12,533
EUR	9,233	16,289
JPY	472	(2,314)
RMB	323	(134)

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:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	\$ 5,670,021	\$ 1,524,645
Cash flow interest rate risk		
Financial assets	610,837	714,827
Financial liabilities	5,499,000	4,443,762

Sensitivity analysis

The sensitivity analysis was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would increase/decrease by \$13,748 thousand and \$11,109 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 34% and 30% of total accounts receivable as of December 31, 2021 and 2020, respectively, was attributable to the Company's two largest customers.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities of \$12,859,200 thousand and \$18,836,602 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, 2021</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 9,100,000	\$ -	\$ -
Payables	4,664,189	-	-
Lease liabilities	7,870	7,566	302,416
Other payables	722,989	-	-
Long-term bank loans	-	-	1,674,094
	<u>\$ 14,495,048</u>	<u>\$ 7,566</u>	<u>\$ 1,976,510</u>
<u>December 31, 2020</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 4,194,675	\$ -	\$ -
Payables	4,509,105	-	-
Lease liabilities	9,234	6,887	308,252
Other payables	602,454	-	-
Long-term bank loans	-	-	1,399,087
	<u>\$ 9,315,468</u>	<u>\$ 6,887</u>	<u>\$ 1,707,339</u>

Related Party Name	Related Party Category
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 New Material Technology Co., Ltd. ("D. Mag")	Subsidiary
AIPS	Subsidiary
Microprogram	Associate
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)

30. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed in the other notes, details of transactions between the Company and its related parties were disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
Giant Co., Ltd. ("Giant Japan")	Subsidiary
Giant Benelux B.V. ("Giant Benelux")	Subsidiary
Giant Bicycle Canada Inc. ("Giant Canada")	Subsidiary
Giant Bicycle Company Pty. Ltd. ("Giant Australia")	Subsidiary
Giant Bicycle Inc. ("Giant USA")	Subsidiary
Giant Mexico	Subsidiary
Giant Deutschland GmbH ("Giant Germany")	Subsidiary
Giant Europe B.V. ("Giant Europe")	Subsidiary
Giant Italia S.R.L. ("Giant Italy")	Subsidiary
Giant Korea Co., Ltd. ("Giant Korea")	Subsidiary
Giant Polska Sp. ZO. O. ("Giant Polska")	Subsidiary
Giant France	Subsidiary
Giant U.K. Ltd. ("Giant UK")	Subsidiary
Giant Europe Manufacturing B.V. ("Giant Europe Mfg.")	Subsidiary
Giant Manufacturing Hungary Ltd. ("Giant Hungary Mfg.")	Subsidiary

(Continued)

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Giant Europe Mfg.	\$ 4,497,955	\$ 2,921,645
Giant USA	2,981,578	1,915,972
Subsidiaries	<u>14,302,992</u>	<u>11,977,141</u>
	<u>\$ 21,782,525</u>	<u>\$ 16,814,758</u>

The products sold to related parties are own branding and manufacturing (OBM) products. The Company decided the price and gross profit ratio by type of products sold. The OBM pricing strategy also differed from that for original equipment manufacturing products.

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

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Giant Electric Vehicle	\$ 16,849	\$ -
Giant China	8,701	678
Giant Kunshan	2,147	2,648
Giant Tianjin	<u>895</u>	<u>-</u>
	<u>\$ 28,592</u>	<u>\$ 3,326</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Giant Electric Vehicle Subsidiaries	\$ 2,615,817	\$ 2,409,590
Associates	1,997,051	1,198,336
	<u>148,305</u>	<u>91,984</u>
	<u>\$ 4,761,173</u>	<u>\$ 3,699,910</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	
	2021	2020
Giant Electric Vehicle	\$ 95,213	\$ 65,139
Giant Kunshan	13,348	15,363
D. Mag	12,742	11,040
Giant China	<u>1,646</u>	<u>5,487</u>
	<u>\$ 122,949</u>	<u>\$ 97,029</u>

d. Operating expense

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 151,000	\$ 138,314
Associates	223	22
Others	<u>-</u>	<u>13</u>
	<u>\$ 151,223</u>	<u>\$ 138,349</u>

e. Royalty income

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Giant Kunshan	\$ 111,915	\$ 70,988
Giant Tianjin	37,748	38,567
Giant Electric Vehicle	24,106	12,002
Giant China	17,721	15,889
Giant Chengdu	<u>9,655</u>	<u>10,134</u>
	<u>\$ 201,145</u>	<u>\$ 147,580</u>

Due to the provision of the right to use the relevant trademarks, the Company collects royalties for the use of trademarks from certain subsidiaries. The royalties are calculated at 1.5% of the revenue of each subsidiaries' sales of the Company's trademarked products.

f. Management service income

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Giant Japan	\$ 20,368	\$ 16,784

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	
	2021	2020
Giant Europe Mfg.	\$ 1,948,009	\$ 721,993
Giant USA Subsidiaries	761,429	499,118
	<u>2,673,193</u>	<u>2,299,736</u>
	<u>\$ 5,382,631</u>	<u>\$ 3,520,847</u>

i. Other receivables

Related Party Category/Name	December 31	
	2021	2020
Subsidiaries	\$ 82,197	\$ 425,990

j. Accounts payable

Related Party Category/Name	December 31	
	2021	2020
Giant Electric Vehicle Subsidiaries	\$ 787,975	\$ 915,004
Associates	482,377	377,799
	<u>35,539</u>	<u>9,732</u>
	<u>\$ 1,305,891</u>	<u>\$ 1,302,535</u>

k. Other payables (without loans from related parties)

Related Party Category/Name	December 31	
	2021	2020
Subsidiaries	\$ 66,425	\$ 78,786
Associates	<u>-</u>	<u>30</u>
	<u>\$ 66,425</u>	<u>\$ 78,816</u>

l. Acquisition of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 1,036	\$ 157

m. Purchase of other intangible assets

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Associates	\$ -	\$ 959

n. Disposal of subsidiaries

Related Party Category	Account	For the Year Ended December 31, 2020	
		Proceeds	Gain on Disposal
CHI YE Investment Co., Ltd	Investment accounted for using the equity method	\$ 20,700	\$ 31
Mr./Ms. Chiu		5,175	8
Mr./Ms. Chiu		5,175	8
		\$ 31,050	\$ 47

o. Loans from related parties

Interest expense

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 262	\$ 488

The Company obtained loans from related parties at rates of 0.59%-0.72% on December 31, 2021 and 2020, respectively, and the rates were comparable to market interest rates. The loans from subsidiaries are unsecured (Table 1).

p. Endorsements and guarantees, refer to Table 2.

q. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 276,290	\$ 212,200
Post-employment benefits	945	945
	\$ 277,235	\$ 213,145

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

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Company on December 31, 2021 were as follows:

- The Company had a commitment to acquire property, plant and equipment for \$114,206 thousand.
- Product liability

The contract period of the existing product liability insurance policy (the "policy") of the Company is from August 1, 2021 to August 1, 2022. The policy covers all products manufactured by the Company that are sold all over the world. The maximum indemnity for claims arising out of one originating cause is US\$10 million.

32. 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, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>						
Monetary items						
USD	\$ 177,713	27.690	\$ 4,920,873	\$ 98,635	28.508	\$ 2,811,887
EUR	35,343	31.291	1,105,918	51,824	34.531	1,789,535
JPY	502,566	0.2402	120,716	241,680	0.2724	65,834
RMB	117,326	4.3419	509,418	86,964	4.3152	375,267
Non-monetary items						
Investments accounted for using the equity method						
USD	335,128	27.690	9,279,694	293,643	28.508	8,371,181
EUR	313,351	31.291	9,805,066	272,140	34.531	9,397,270
RMB	943,406	4.3419	4,096,175	764,054	4.3152	3,297,046
<u>Financial liabilities</u>						
Monetary items						
USD	42,102	27.690	1,165,804	54,672	28.508	1,558,589
EUR	5,838	31.291	182,677	4,651	34.531	160,604
JPY	306,039	0.2402	73,511	1,091,058	0.2724	297,204
RMB	109,891	4.3419	477,136	90,067	4.3152	388,657

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

Foreign Currency	For the Year Ended December 31			
	2021		2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.024 (USD:NTD)	\$ (73,097)	29.582 (USD:NTD)	\$ (129,586)
JPY	0.2545 (JPY:NTD)	(11,621)	0.2757 (JPY:NTD)	(15,397)
EUR	33.041 (EUR:NTD)	(98,573)	33.570 (EUR:NTD)	27,254
RMB	4.3281 (RMB:NTD)	<u>9,899</u>	4.2658 (RMB:NTD)	<u>24,116</u>
		<u>\$ (173,392)</u>		<u>\$ (93,613)</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries and associates). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments. (Note 7)
- 10) Information on investees. (Table 6)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, the ending balance of carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 8)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 8)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (None)

TABLE 1

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED ENTITIES FOR THE YEAR ENDED DECEMBER 31, 2021 (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	\$ -	-	\$ 2,747,582 (Note 2)	\$ 10,990,326 (Note 3)	
1	Giant China	Giant Kunshan	Loans receivable - related parties	Yes	(RMB 651,281)	(RMB 217,094)	-	-	2	-	Operating Capital	-	-	(RMB 1,997,260)	(RMB 1,997,260)	
2	Giant Electric Vehicle	Quanzhou YouBike	Loans receivable - related parties	Yes	(RMB 390,768)	(RMB 217,094)	(RMB 151,965)	3.85%	2	(RMB 35,000)	Operating Capital	-	-	(RMB 1,997,260)	(RMB 1,997,260)	
		Giant Kunshan	Loans receivable - related parties	Yes	(RMB 347,350)	(RMB 347,350)	-	-	2	-	Operating Capital	-	-	(RMB 1,302,561)	(RMB 1,302,561)	
		Putan YouBike	Loans receivable - related parties	Yes	(RMB 80,000)	(RMB 80,000)	256,170	4.00%	2	(RMB 59,000)	Operating Capital	-	-	(RMB 1,302,561)	(RMB 1,302,561)	
3	Giant Jiangsu	Quanzhou YouBike	Loans receivable - related parties	Yes	(RMB 121,000)	(RMB 121,000)	-	-	2	-	Operating Capital	-	-	(RMB 1,302,561)	(RMB 1,302,561)	
		Giant Kunshan	Loans receivable - related parties	Yes	(RMB 104,205)	(RMB 104,205)	-	-	2	-	Operating Capital	-	-	(RMB 969,150)	(RMB 969,150)	
4	YouBike	Giant	Loans receivable - related parties	Yes	(RMB 217,094)	(RMB 217,094)	-	-	2	-	Operating Capital	-	-	(RMB 89,947)	(RMB 359,789)	
5	D. Mag	Light Metal Huan	Loans receivable - related parties	Yes	(RMB 217,094)	-	-	-	2	-	Operating Capital	-	-	(RMB 969,150)	(RMB 969,150)	
		Light Metal Malaysia	Loans receivable - related parties	Yes	(RMB 6,513)	(RMB 6,513)	6,513	3.35%	2	(RMB 1,500)	Operating Capital	-	-	(RMB 969,150)	(RMB 969,150)	
6	Garwin	Giant Hungary Mfg.	Loans receivable - related parties	Yes	(EUR 938,718)	(EUR 938,718)	(EUR 782,265)	0.65%	2	(EUR 25,000)	Operating Capital	-	-	(EUR 969,150)	(EUR 969,150)	

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, Giant Electric Vehicle and Giant Holding: Up to RMB 0.46 billion, 0.3 billion and 0.25 billion, respectively.

2) 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.

3) 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.

TABLE 2

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes 4 and 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 5 and 6)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given On Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Giant	Giant Hungary Mfg.	2	\$ 6,868,954	\$ 1,908,727 (EUR 61,000)	\$ 1,908,727 (EUR 61,000)	\$ 1,733,888 (EUR 55,412)	\$ -	6.95%	\$ 13,737,908	Y	N	N
1	Giant Sales	YouBike	4	1,500,000	940,718 (RMB 4,585)	714,125 (RMB 4,585)	714,125 (RMB 4,585)	-	135%	1,500,000	N	N	N
2	Giant China	Giant Holding	4	969,150	4,585 (RMB 1,056)	4,585 (RMB 1,056)	4,585 (RMB 1,056)	-	0.11%	969,150	N	N	Y

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

Note 2: The relationship between endorser/guarantor and the endorsee/guaranteee can be classified into the following seven categories:

- 1) A company with a business relationship.
- 2) A company in which Giant directly and indirectly holds more than 50% of the voting shares.
- 3) A company that directly and indirectly holds more than 50% of the voting shares in Giant.
- 4) Companies in which Giant directly or indirectly holds 90% or more of the voting shares.
- 5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for the purpose of undertaking a construction project.
- 6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction 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.

TABLE 3

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(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, 2021		Fair Value
				Shares	Carrying Value	
Giant	Domestic listed company Kuei Meng	-	Financial assets at FVTOCI - non-current	10,484	\$ 2,071	\$ 2,071
D. Mag	Foreign unlisted company Chongqing Guochuang Light Alloy Research Institute Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	36,906	36,906

TABLE 4

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Purchase or Sale	Transaction Details		Abnormal Transaction	Notes and Accounts Receivable (Payable)		Note
				Amount	% to Total		Ending Balance	% to Total	
Giant	Giant USA	Investee of Gaiwin	Sales	\$ (2,981,578)	(9)	-	\$ 761,429	9	
	Giant Australia	Investee of Gaiwin	Sales	(775,761)	(2)	-	118,107	1	
	Giant Benelux B.V.	Investee of Giant Europe	Sales	(284,232)	(1)	-	16,083	-	
	Giant Europe	Investee of Gaiwin	Sales	(2,339,708)	(7)	-	579,110	7	
	Giant France	Investee of Giant Europe	Sales	(1,563,527)	(4)	-	151,809	2	
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(4,497,955)	(13)	-	1,948,009	22	
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(778,126)	(2)	-	290,937	3	
	Giant Polska	Investee of Giant Europe	Sales	(206,430)	(1)	-	18,602	-	
	Giant UK	Investee of Giant Europe	Sales	(1,244,987)	(4)	-	469,933	5	
	Giant Germany	Investee of Giant Europe	Sales	(2,059,633)	(6)	-	196,513	2	
	Giant Canada	Investee of Gaiwin	Sales	(474,395)	(1)	-	55,359	-	
	Giant Italy	Investee of Giant Europe	Sales	(303,071)	(1)	-	23,155	-	
	Giant Korea	Investee of Gaiwin	Sales	(328,743)	(1)	-	54,641	-	
	Giant Japan	Investee of Gaiwin	Sales	(210,316)	(1)	-	26,543	-	
	Giant Mexico	Investee of Gaiwin	Sales	(142,249)	-	-	76,493	-	
	AIPS	Investee of Giant	Sales	(613,969)	(2)	-	4,352	-	
	Giant Sales	Investee of Giant	Sales	(747,734)	(2)	-	44,825	-	
	Giant China	Investee of Growood	Sales	(644,223)	(2)	-	83,706	-	
	Giant Kunshan	Investee of Giant Holding	Sales	(673,049)	(2)	-	171,384	-	
	Giant Electric Vehicle	Investee of Growood	Sales	(501,505)	(1)	-	144,729	-	
	YoBike	Investee of Giant	Sales	(258,998)	(1)	-	62,398	-	
	Giant Tianjin	Investee of Growood	Sales	(152,334)	-	-	(787,975)	(17)	
	Giant Electric Vehicle	Investee of Growood	Purchase	2,615,817	9	-	(281,514)	(6)	
Giant Kunshan	Investee of Giant Holding	Purchase	1,278,975	4	-	(41,343)	(1)		
D. Mag	Investee of Darzins	Purchase	367,040	1	-	(26,237)	(1)		
Giant China	Investee of Growood	Purchase	176,509	1	-	(35,539)	(1)		
Microprogram	Investee of Giant	Purchase	148,305	-	-	(114,450)	(2)		
Giant Tianjin	Investee of Growood	Purchase	126,111	-	-	-	-		
YoBike	Investee of Giant	Sales	(197,598)	(1)	-	(48,964)	(33)		
Giant Kunshan	Investee of Giant Holding	Purchase	285,232	23	-	122,101	4		
Giant Europe	Investee of Gaiwin	Sales	(RMB 121,212)	(4)	-	(RMB 28,122)	4		
Giant Kunshan	Investee of Giant Holding	Purchase	224,699	2	-	(RMB 89,566)	(5)		
Giant UK	Investee of Giant Europe	Sales	(RMB 51,751)	(4)	-	(RMB 20,628)	5		
Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB 96,404)	(5)	-	(RMB 33,869)	12		
Giant Polska	Investee of Giant Europe	Sales	(RMB 620,088)	(1)	-	(RMB 353,835)	1		
Giant Europe Mfg.	Investee of Giant Europe	Sales	(RMB 143,271)	(1)	-	(RMB 81,493)	1		
Giant Europe Mfg.	Investee of Giant Europe	Sales	(RMB 33,346)	(1)	-	(RMB 24,350)	1		
			(RMB 110,735)	(1)	-	(RMB 5,608)	1		
			(RMB 25,585)	(1)	-	(RMB 24,740)	1		

(Continued)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Purchase or Sale	Transaction Details			Abnormal Transaction		Notes and Accounts Receivable (Payable)		Note
				Amount	% to Total	Collection Terms	Unit Price	Collection Terms	Ending Balance	% to Total	
Giant Electric Vehicle	Giant Europe	Investee of Gaiwin	Sales	\$ (388,977)	(4)	T/T 60 days	-	-	\$ 172,069	7	
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(RMB 89,878)	(18)	T/T 90 days	-	-	RMB 39,630	13	
	Giant USA	Investee of Gaiwin	Sales	(RMB 371,977)	(11)	T/T 60 days	-	-	RMB 70,207	15	
	Giant Canada	Investee of Gaiwin	Sales	(RMB 213,748)	(3)	T/T 60 days	-	-	RMB 80,367	3	
	Giant Australia	Investee of Gaiwin	Sales	(RMB 296,528)	(4)	T/T 60 days	-	-	RMB 62,840	2	
	Giant Benelux	Investee of Giant Europe	Sales	(RMB 68,513)	(2)	T/T 60 days	-	-	RMB 14,473	2	
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB 85,585)	(2)	T/T 60 days	-	-	RMB 13,205	7	
	Giant Kunshan	Investee of Giant Holding	Sales	(RMB 189,216)	(9)	T/T 60 days	-	-	RMB 54,185	23	
	Giant Kunshan	Investee of Giant Holding	Purchase	(RMB 169,325)	3	T/T 90 days	-	-	RMB 12,480	(20)	
	Giant Kunshan	Investee of Merdeka	Purchase	(RMB 96,102)	3	T/T 90 days	-	-	RMB 38,572	19	
	Giant Kunshan	Investee of Merdeka	Sales	RMB 25,742	(9)	T/T 90 days	-	-	(RMB 42,248)	31	
	Giant USA	Investee of Gaiwin	Sales	(RMB 420,326)	(15)	T/T 90 days	-	-	RMB 98,970	4	
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(RMB 97,116)	(3)	T/T 90 days	-	-	RMB 22,794	2	
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(RMB 1,517,701)	(1)	T/T 120 days	-	-	RMB 81,828	1	
	Giant Chengdu	Investee of Merdeka	Sales	(RMB 350,664)	(2)	T/T 90 days	-	-	RMB 134,003	6	
Giant Australia	Investee of Gaiwin	Sales	(RMB 259,154)	(6)	T/T 30 days	-	-	RMB 16,710	6		
Giant Canada	Investee of Gaiwin	Sales	(RMB 59,877)	(4)	T/T 30 days	-	-	RMB 8,873	6		
Giant Japan	Investee of Gaiwin	Sales	(RMB 153,416)	(8)	T/T 30 days	-	-	RMB 38,527	6		
Giant Korea	Investee of Merdeka	Sales	(RMB 165,982)	(1)	T/T 90 days	-	-	RMB 25,984	1		
Giant Mexico	Investee of Gaiwin	Sales	(RMB 38,330)	(6)	T/T 30 days	-	-	RMB 11,587	6		
Giant Mexico	Investee of Gaiwin	Sales	(RMB 143,754)	(4)	T/T 30 days	-	-	RMB 26,677	6		
Giant Mexico	Investee of Gaiwin	Sales	(RMB 381,704)	(8)	T/T 30 days	-	-	RMB 117,181	6		
Giant Mexico	Investee of Gaiwin	Sales	(RMB 88,193)	(4)	T/T 30 days	-	-	RMB 26,988	6		
Giant Mexico	Investee of Gaiwin	Sales	(RMB 795,796)	(3)	T/T 30 days	-	-	RMB 108,664	6		
Giant Mexico	Investee of Gaiwin	Sales	(RMB 183,868)	(2)	T/T 60 days	-	-	RMB 25,027	2		
Giant Mexico	Investee of Gaiwin	Sales	(RMB 64,270)	(1)	T/T 60 days	-	-	RMB 37,338	3		
Giant Mexico	Investee of Gaiwin	Sales	(RMB 278,165)	(1)	T/T 90 days	-	-	RMB 8,599	3		
Giant Mexico	Investee of Gaiwin	Sales	(RMB 125,348)	(1)	T/T 90 days	-	-	RMB 60,251	3		
Giant Germany	Investee of Giant Europe	Sales	(RMB 977,848)	(21)	T/T 30 days	-	-	RMB 13,877	18		
Giant Germany	Investee of Giant Europe	Sales	(RMB 29,595)	(29)	T/T 30 days	-	-	RMB 191,225	29		
Giant France	Investee of Giant Europe	Sales	(RMB 1,389,424)	(14)	T/T 30 days	-	-	EUR 302,792	26		
Giant France	Investee of Giant Europe	Sales	(RMB 42,052)	(14)	T/T 30 days	-	-	EUR 9,677	17		
Giant Benelux	Investee of Giant Europe	Sales	(RMB 671,941)	(9)	T/T 30 days	-	-	EUR 275,738	17		
Giant Italy	Investee of Giant Europe	Sales	(RMB 20,337)	(3)	T/T 30 days	-	-	EUR 8,812	5		
Giant Italy	Investee of Giant Europe	Sales	(RMB 439,312)	(3)	T/T 30 days	-	-	EUR 180,658	5		
Giant Italy	Investee of Giant Europe	Sales	(RMB 13,296)	(3)	T/T 30 days	-	-	EUR 5,773	-		
Giant Germany	Investee of Giant Europe	Purchase	EUR 4,722	3	T/T 30 days	-	-	EUR -	-		

(Continued)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Purchase or Sale	Transaction Details			Abnormal Transaction		Notes and Accounts Receivable (Payable)		Note
				Amount	% to Total	Collection Terms	Unit Price	Collection Terms	Ending Balance	% to Total	
Giant Europe Mfg.	Giant Germany	Investee of Giant Europe	Sales	\$ (747,168)	(8)	T/T 30 days	-	-	\$ 1,035	-	
	Giant Benelux	Investee of Giant Europe	Sales	(EUR 22,614)	(21)	T/T 30 days	-	-	EUR 33	11	
	Giant UK	Investee of Giant Europe	Sales	(EUR 1,860,252)	(5)	T/T 30 days	-	-	EUR 74,585	1	
	Giant France	Investee of Giant Europe	Sales	(EUR 466,045)	(6)	T/T 30 days	-	-	EUR 2,384	5	
	Giant Europe	Investee of Gaiwin	Sales	(EUR 14,105)	(6)	T/T 30 days	-	-	EUR 4,377	1	
	Giant Europe	Investee of Gaiwin	Sales	(EUR 525,407)	(6)	T/T 30 days	-	-	EUR 140	5	
	Giant Europe	Investee of Gaiwin	Sales	(EUR 491,827)	(27)	T/T 30 days	-	-	EUR 1,084	7	
	Giant Europe	Investee of Gaiwin	Sales	(EUR 14,886)	(6)	T/T 30 days	-	-	EUR 43,841	12	
	Giant UK	Investee of Giant Europe	Sales	(EUR 461,878)	(6)	T/T 30 days	-	-	EUR 1,401	-	
	Giant UK	Investee of Giant Europe	Sales	(EUR 13,979)	(6)	T/T 30 days	-	-	EUR 35,308	-	
	Giant Benelux	Investee of Giant Europe	Sales	(EUR 104,748)	(7)	T/T 30 days	-	-	EUR 1,128	-	
	Giant Benelux	Investee of Giant Europe	Sales	(EUR 3,170)	(7)	T/T 30 days	-	-	EUR -	-	
	Giant Benelux	Investee of Giant Europe	Sales	(EUR 123,423)	(7)	T/T 30 days	-	-	EUR 316	-	
	Giant Benelux	Investee of Giant Europe	Sales	(EUR 3,736)	(7)	T/T 30 days	-	-	EUR 10	-	
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(EUR 125,130)	(12)	T/T 30 days	-	-	EUR -	-	
D. Mag	Golden Rich	Investee of Giant Europe	Sales	(EUR 199,267)	(3)	T/T 120 days	-	-	EUR 188,716	66	
	Giant Tianjin	Investee of D. Mag	Sales	(RMB 6,031)	(3)	T/T 30 days	-	-	EUR 6,031	3	
	Light Metal Hainan	Investee of Groewood	Sales	(RMB 210,500)	(3)	T/T 30 days	-	-	RMB 65,114	3	
	Giant Kunshan	Investee of D. Mag	Sales	(RMB 48,636)	(1)	T/T 30 days	-	-	RMB 14,997	3	
	Giant Kunshan	Investee of D. Mag	Sales	(RMB 235,305)	(9)	T/T 30 days	-	-	RMB 60,500	5	
	Giant Kunshan	Investee of Giant Holding	Sales	(RMB 54,367)	(1)	T/T 30 days	-	-	RMB 13,934	13	
	Giant China	Investee of Groewood	Sales	(RMB 103,182)	(3)	T/T 30 days	-	-	RMB 93,901	5	
Giant China	Investee of Groewood	Sales	(RMB 23,840)	(9)	T/T 30 days	-	-	RMB 21,627	5		
Giant China	Investee of Groewood	Sales	(RMB 721,167)	(3)	T/T 30 days	-	-	RMB 340,655	13		
Giant China	Investee of Groewood	Sales	(RMB 166,623)	(3)	T/T 30 days	-	-	RMB 55,456	5		
Giant China	Investee of Groewood	Sales	(RMB 263,283)	(3)	T/T 30 days	-	-	RMB 85,998	5		
Giant China	Investee of Groewood	Sales	(RMB 61,386)	(3)	T/T 30 days	-	-	RMB 19,807	5		

(Concluded)

TABLE 5

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTD100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(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	5	\$	-	\$ 228,895	-
	Giant Europe	Investee of Gaiwin	Other receivables - related parties	-	-	-	2,330	-
	Giant Australia	Investee of Gaiwin	Accounts receivable - related parties	5	-	-	236,947	-
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	7	-	-	-	-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties	3	-	-	957,940	-
	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties	7	-	-	2,211	-
	Giant Kunshan	Investee of Giant Holding	Accounts receivable - related parties	6	-	-	84,106	-
	Giant Electric Vehicle	Investee of Giant Holding	Accounts receivable - related parties	4	-	-	104,649	-
	Giant UK	Investee of Growood	Accounts receivable - related parties	4	-	-	47,663	-
	Giant Hungary Mfg.	Investee of Growood	Accounts receivable - related parties	5	-	-	35,778	-
Giant China	Giant UK	Investee of Giant Europe	Accounts receivable - related parties	4	189,660	-	190,657	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	-	-
	Quanzhou YouBike	Investee of Giant Kunshan	Loans receivable - related parties	3	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	6	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	4	-	-	-	-
	Giant UK	Investee of Giant Europe	Accounts receivable - related parties	9	-	-	-	-
	Giant	Parent company	Accounts receivable - related parties	4	-	-	-	-
	Putian YouBike	Investee of Giant Kunshan	Loans receivable - related parties	21	-	-	-	-
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	-	-
Giant Electric Vehicle	Giant USA	Investee of Gaiwin	Accounts receivable - related parties	4	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	3	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	2	-	-	-	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties	4	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	3	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	2	-	-	-	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties	4	-	-	-	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	3	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	2	-	-	-	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties	3	-	-	-	-

(Continued)

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 Kunshan	Giant	Parent company	Accounts receivable - related parties	5	\$	-	\$ 183,343	-
	Giant Japan	Investee of Gaiwin	Other receivables - related parties	-	-	-	-	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties	9	-	-	298,319	-
	Giant Tianjin	Investee of Growood	Accounts receivable - related parties	4	-	-	11,794	-
	Giant Australia	Investee of Gaiwin	Accounts receivable - related parties	4	-	-	117,124	-
	Giant Canada	Investee of Gaiwin	Accounts receivable - related parties	9	-	-	154	-
	Giant	Parent company	Accounts receivable - related parties	5	-	-	108,654	-
	Giant Kunshan	Investee of Giant Holding	Accounts receivable - related parties	2	-	-	27,568	-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties	2	-	-	14,325	-
	Giant Italy	Investee of Giant Europe	Accounts receivable - related parties	7	-	-	161,235	-
Giant Tianjin	Giant Europe	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	34,386	-
	Giant Benelux	Investee of Giant Europe	Accounts receivable - related parties	3	-	-	-	-
	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	-	-
	Giant UK	Investee of Giant Europe	Accounts receivable - related parties	10	-	-	106,299	-
	Giant Europe Mfg.	Investee of Giant Holding	Accounts receivable - related parties	-	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Accounts receivable - related parties	2	-	-	-	-
	Giant Europe Mfg.	Investee of Giant Europe	Loans receivable - related parties	2	-	-	-	-
	Giant Hungary Mfg.	Investee of Giant Europe	Loans receivable - related parties	-	-	-	-	-
	Giant USA	Investee of Giant	Other receivables - related parties	-	-	-	-	-
	Giant USA	Investee of Giant	Other receivables - related parties	-	-	-	-	-

TABLE 6

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Percentage of Ownership	Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020					
Giant	Growood	Singapore	Overseas reinvested holding company	USD 18,063	USD 18,063	\$ 5,833,211	100	\$ 1,584,933	\$ 1,503,760	Subsidiary
	Gaiwin	Lelystad, Netherlands	Overseas reinvested holding company	USD 7,243	USD 7,243	9,805,055	100	1,500,694	1,500,694	Subsidiary
	Darzins	British Virgin Islands	Overseas reinvested holding company	USD 14,889	USD 14,889	3,241,863	100	529,930	511,907	Subsidiary
	Mardaka	British Virgin Islands	Overseas reinvested holding company	USD 6,000	USD 6,000	204,614	100	22,137	22,066	Subsidiary
	Giant Sales	Taiichung	Sale of bicycles and related products and bicycle rental	USD 140,000	USD 140,000	474,748	100	256,225	256,225	Subsidiary
	YouBike	Taiichung	Public bicycle rental	800,000	800,000	891,849	100	59,865	(3,295)	Subsidiary
	AIPS	Taiichung	Manufacturing and sale of sporting goods	500,000	500,000	559,706	100	59,865	59,865	Subsidiary
	Giant Mexico	Mexico, Mexico	Sale of bicycles and related products	MXN 244,352	MXN 244,352	88,997	27	(8,402)	(8,402)	Indirectly owned subsidiary using the equity method
	Microprogram	Taiichung	Hardware and Software research of computer and sale of related products	10,000	10,000	38,732	100	9,691	(Note 1)	Indirectly owned subsidiary
	Giant Sales	Taiichung	Undertake domestic and international tourism trade business	EUR 15,736	EUR 15,736	EUR 165,754	100	EUR 20,815	(Note 1)	Indirectly owned subsidiary
	Gaiwin	Lelystad, Netherlands	Overseas reinvested holding company and sale of bicycles and related products	USD 47,618	USD 47,618	EUR 52,610	100	EUR 2,353	(Note 1)	Indirectly owned subsidiary
	Giant USA	California, USA	Sale of bicycles and related products	JPY 200,000	JPY 200,000	EUR 14,592	100	EUR 3,720	(Note 1)	Indirectly owned subsidiary
	Giant Japan	Kawasaki, Japan	Sale of bicycles and related products	AUD 500	AUD 500	EUR 29,489	100	EUR 9,921	(Note 1)	Indirectly owned subsidiary
Giant Australia	Victoria, Australia	Sale of bicycles and related products	CAD 1,052	CAD 1,052	EUR 14,406	100	EUR 4,375	(Note 1)	Indirectly owned subsidiary	
Giant Canada	Vancouver, Canada	Sale of bicycles and related products	KRW 734,000	KRW 734,000	EUR 3,341	100	EUR 2,264	(Note 1)	Indirectly owned subsidiary	
Giant Korea	Seoul, South Korea	Sale of bicycles and related products	MXN 70,059	MXN 70,059	EUR 4,624	100	EUR 1,388	(Note 1)	Indirectly owned subsidiary	
Giant Mexico	Mexico, Mexico	Sale of bicycles and related products	EUR 3,472	EUR 3,472	EUR 15,989	100	EUR 4,634	(Note 1)	Indirectly owned subsidiary	
Giant Germany	Erkrath, Germany	Sale of bicycles and related products	EUR 4,200	EUR 4,200	EUR 14,389	100	EUR 4,403	(Note 1)	Indirectly owned subsidiary	
Giant France	Aix en Provence, France	Sale of bicycles and related products	GBP 200	GBP 200	EUR 18,180	100	EUR 2,573	(Note 1)	Indirectly owned subsidiary	
Giant UK	Letchester, United Kingdom	Sale of bicycles and related products	EUR 227	EUR 227	EUR 57,940	100	EUR 2,275	(Note 1)	Indirectly owned subsidiary	
Giant Europe Mfg.	Lelystad, Netherlands	Manufacture and sale of bicycles	PLN 150	PLN 150	EUR 7,771	100	EUR 658	(Note 1)	Indirectly owned subsidiary	
Giant Polska	Warsaw, Poland	Sale of bicycles and related products	EUR 3,230	EUR 3,230	EUR 16,468	100	EUR 3,695	(Note 1)	Indirectly owned subsidiary	
Giant Benelux	Lelystad, Netherlands	Sale of bicycles and related products	EUR 200	EUR 200	EUR 2,300	100	EUR 831	(Note 1)	Indirectly owned subsidiary	
Giant Italy	Gallarate, Italy	Sale of bicycles and related products	EUR 15,000	EUR 15,000	EUR 9,747	100	EUR (150)	(Note 1)	Indirectly owned subsidiary	
Giant Hungary Mfg.	Gyongyos, Hungary	Manufacture and sale of bicycles	USD 100	USD 100	RMB 4,410	100	RMB 3,144	(Note 1)	Indirectly owned subsidiary	
Golden Rich	Hong Kong	International trade	USD 100	USD 100	RMB (432)	100	RMB (436)	(Note 1)	Indirectly owned subsidiary	
Light Metal Malaysia	Malaysia	Sale of medium and high-end aluminum wheel hub products	USD 100	USD 100	-	100	-	-	-	Indirectly owned subsidiary

Note 1: Not applicable.

Note 2: Information on investments in mainland China, please see Table 7.

TABLE 7

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Investment Flows		Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Value as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow					
Giant China	Manufacture and sale of bicycles and parts	RMB 273,040 (USD 37,500)	(Note 1)	\$ 489,599 (Note 3)	\$ -	\$ -	\$ 655,726	100%	\$ 658,372	\$ 4,157,168	\$ 8,716,800
Giant Electric Vehicle	Manufacture and sale of electric vehicle	RMB 40,465 (USD 5,000)	(Note 1)	199,182 (Note 3)	-	-	799,966	100%	725,133	1,307,840	2,885,299
Giant Chengdu	Sale of bicycles and parts	RMB 49,663 (USD 6,000)	(Note 1)	2,681,933 (Note 6)	-	-	22,158	100%	22,087	203,825	108,998
Giant Tianjin	Manufacture and sale of bicycles and parts	RMB 89,614 (USD 12,000)	(Note 1)	(Note 6)	-	-	178,215	100%	169,230	683,442	918,213
Giant Holding	Overseas reinvested holding company	RMB 577,569 (USD 88,500)	(Note 2)	(Note 6)	-	-	882,194	100%	774,729	4,096,175	512,400
Giant Kunshan	Manufacture and sale of bicycles and parts	RMB 236,288 (USD 35,000)	(Note 6)	(Note 6)	-	-	872,933	100%	765,467	2,332,641	-
Giant Cycling Service	Lease of bicycle and promotion of outdoor activities	RMB 6,595 (USD 1,000)	(Note 6)	(Note 6)	-	-	(672)	100%	(672)	3,199	-
Jiangsu Giant	Undertake China tourism business	RMB 5,000	(Note 7)	(Note 7)	-	-	(6,423)	100%	(6,423)	(313)	-
Quanzhou YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(42,736)	100%	(42,736)	94,962	-
D. Mag	Manufacture and sale of new aluminum alloy products	RMB 360,000	(Note 4)	(Notes 4 and 10)	-	-	952,970	60%	564,649	3,298,913	-
Giant Jiangsu	Manufacture and sale of bicycles and parts	RMB 331,779 (USD 52,500)	(Note 6)	(Note 6)	-	-	28,780	100%	28,780	1,594,394	-
Light Metal Haitian	Manufacture and sale of alloy materials, semi-solid aluminum, and superplastic aluminum	RMB 110,000	(Note 11)	(Note 11)	-	-	(42,622)	60%	(25,741)	257,042	-
Putian YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	10,039	100%	10,039	220,817	-
Meiki Giant	Sale and repair of computer and mechanical equipment	RMB 3,200	(Note 6)	(Note 6)	-	-	4,425	33%	1,460	6,050	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 3,646,639	USD 178,000 and RMB 21,261	(Note 9)

Note 1: Reinvestment made in Mainland China through the investor's investment company in a third area.

Note 2: Investee of Giant.

Note 3: Investee of Growood.

Note 4: D. Mag is an associate of Giant Light Metal, a subsidiary of Darzins which is directly owned by the Company. Giant Light Metal merged with D. Mag in November 2020, with D. Mag as the surviving company.

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 an operating headquarter in Taiwan.

Note 10: Accumulated investment amount of Giant Light Metal was \$54,370 thousand. Chuansin Kunshan merged with Giant Light Metal in December 2011. Accumulated investment amount of Chuansin Kunshan was \$221,555 thousand.

Note 11: Investee of D. Mag.

TABLE 8

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

SIGNIFICANT DIRECT OR INDIRECT PURCHASES/SALES TRANSACTIONS WITH THE INVESTEE COMPANY IN MAINLAND CHINA, PRICES, PAYMENT TERMS, AND UNREALIZED GAIN OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Counterparty	Nature of Relationship	Purchase/Sale	Amount	Trade Condition		Abnormal Transaction	Notes/Accounts Receivable (Payable)		Unrealized Gain
				Prices	Payment Terms		Ending Balance	% to Total	
Giant China	Giant directly or indirectly holds more than 50% of shares	Sales	\$ 644,223	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	\$ 83,706	1	\$ 8,701
		Purchase	176,509	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(26,237)	(1)	48,349
Giant Electric Vehicle	Giant directly or indirectly holds more than 50% of shares	Purchase	2,615,817	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(787,975)	(17)	252,097
		Sales	501,505	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	144,729	2	16,849
Giant Kunshan	Giant directly or indirectly holds more than 50% of shares	Purchase	1,278,975	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(281,514)	(6)	215,042
		Sales	673,049	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	171,384	2	1,553
D. Mag	Giant directly or indirectly holds more than 50% of shares	Purchase	367,040	Depending on specific diversity of products and related market trends	T/T 60 days	No material difference	(41,343)	(1)	34,944
Giant Tianjin	Giant directly or indirectly holds more than 50% of shares	Sales	152,334	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	62,398	1	227

Giant MFG. Co., Ltd.

Chairman: Bonnie Tu

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