
2023

Giant Manufacturing Co. Ltd.

ANNUAL REPORT

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GROUP

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One. Letter to Shareholders

1. 2023 Business Report

Due to the post-pandemic slowdown in bicycle demand in Europe and the U.S. as well as the easing of supply chain chaos, channel inventory level had risen. The industry was therefore struggling with inventory digestion in 2023, making it difficult to hit another record high after the revenue peaked during the pandemic. However, the bicycle market in China told a different story, and the Giant Group, with its long-term presence in the China market, had a solid foundation to support the cycling trend in China. As a result, the Group enjoyed an over-60 percent growth in China, which offset the adverse impact from downturns in Europe and the U.S. markets, keeping the consolidated revenues to stay above the 2020 level of NT\$70 billion.

Through drastic changes in demand during and after the pandemic, the Group relied on its comprehensive value chain and global reach to seize business opportunities and outperformed its peers. At the same time, it managed to secure profits and uphold its commitments to shareholders, consumers, customers and supply chain partners. Looking ahead, as bicycles can be one of the best solutions for both green cycling and exercise, we believe that introducing innovative products, advancing technologies, and offering high quality products and services on an ongoing basis would bring medium and long-term growth to the Group in spite of short-term fluctuations and corrections.

The Group released its first ESG Strategy Book and ESG Report in 2023. We initiated various action plans under the sustainability strategy of “Cycling for a Better Future”, and brought the Bicycling Alliance for Sustainability (BAS) and industry partners to join hands in contributing to environmental sustainability. In the same year, the Giant Group was once again selected in the Corporate Knights’ Global 100, which was a testament to our efforts in carbon emissions reduction, sustainability reporting and the establishment of BAS.

Financial Performance

The Giant Group generated consolidated revenue of NT\$76.95 billion in 2023, down 16.4% from 2022 primarily due to weakening demand for middle and low-end bikes in Europe and the U.S., and inventory digestion at channels. We managed to keep gross margin at 22.1% through an improved product mix with a higher percentage of private label sales, which mitigated the impact of discounts and a lower capacity utilization rate. Gross profit amounted to NT\$16.97 billion, a year-over-year decrease of 18.5%. As operating revenue was downsized, operating expense ratio climbed to 15.9%, resulting in operating profit of NT\$4.7 billion to experience a larger decline. Profit before income tax dropped 45.1% to NT\$4.8 billion as non-operating income and expenses suffered a decrease in foreign exchange gain and an increase in the cost of funds as interest rate rose. Net income attributable to shareholders of the parent amounted to NT\$3.4 billion, a year-over-year decrease of 42%, with an earnings per share of NT\$8.68.

Technology Development

The Giant Group has developed products under its private brands with the spirit of One & Only and won over the trust of OEM customers with our manufacturing techniques and quality, thereby expanding our operation steadily to current scale. With our brand vision of “Raise the bar: Advancing the entire cycling world,” we will persistently innovate in three major directions: smart manufacturing, materials technology and a cycling ecosystem, for consumers to enjoy quality and ever-improving riding experience.

Our unwavering dedication to innovative technology is reflected in the quality products rolled out by the Group. The CADEX TRI frameset helps Kristian Blummenfelt to not only win numerous gold medals in triathlons, but also rise quickly to become the number one athlete in PTO rankings and stay a world record holder. In 2023, the CADEX Tri frameset won a prestigious gold award in the TAIPEI CYCLE d&i awards, a silver award in the Taiwan Excellence Award, as well as being selected as a winner of the iF DESIGN AWARD 2024! Besides highlighting the excellence of CADEX Tri frameset in product design, these awards are testaments to the fact that the component is unconventional with no restrictions and no limitations.

E-bike has been a primary growth driver in recent years. We continue to advance in directions of lightweightness, greater power output and longer riding range, and target the high-end consumer group. Trance X Advanced E+ Elite is the Group’s first lightweight, carbon composite e-mountain bike with full suspension, and the only one in the industry using the 22700 cells. The battery is smaller but capable of supporting the high torque of e-bikes. The model is also the one and only lightweight e-bike which delivers full fat torque outputs, i.e., 85Nm, in a lightweight package. Furthermore, cyclists can adjust acceleration, torque and power output through the exclusive RideControl App, offering a higher level of smart integration at Human Interface.

Brand Development and Marketing

The Giant Group provides products and services to different consumer groups through its four private brands, i.e., GIANT, Liv, Momentum and CADEX. In the 2023 Taiwan Global Brand Survey, the Group ranked sixth with an all-time record brand value of US\$790 million, up 6% from the previous year, and had the highest brand value in the health and sports industry.

GIANT continues to sponsor UCI road race teams and the world’s top athletes, such as Team Jayco ALUla, Giant Factory Off Road Team, Gravel athletes and triathletes, for them to shine on the stages of different cycling fields and to expose the Giant brand and related products. In addition to exposures at races, the teams and cyclists assist in product development and testing to deliver world-class competitive products. Liv stays focused on extending its road bike market and continues its sponsorship of the world-leading female teams, i.e., Liv Racing TeqFind and Team Jayco ALUla. It also launches a series of bikes and gears under the Blanc Collection, which is inspired by Tour de France Femmes, providing wider product choices as well as superb riding experience to female consumers.

Corporate Development and Future Prospects

Giant Group has a complete value chain covering R&D, production technology and sales channels, allowing us to provide innovative products and quality services, and lead the cycling trends. We will further solidify our presence in the global market and expand our businesses.

After one and a half years of subdued demand in Europe and the U.S. markets, inventory digestion of the middle and low-end models will continue for several months while parts at the factories decrease every quarter. We have initiated projects to further improve our inventory level. The 10th generation of our iconic TCR road bikes unveiled at the Taipei Cycle starts a new chapter in road bike design. The model creates a sensation, warming up the cycling market for its return to growth.

Looking ahead, although uncertainties in political and economic situation may affect our operation, we are still confident in the bicycle market. The bicycle sales in China demonstrate that we can take the lead in cycling trends by combining online and offline efforts, i.e. through digital marketing and channel upgrades, to offer consumers comprehensive services and experience. We will pursue sustainable development and work towards achieving the long-term goal of communicating with consumers and establishing the cycling ecosystem for the steady growth of the Group, thereby distributing profits to shareholders and contributing to the society.

2. Overview of 2024 Business Plans

Macroeconomic Environment and Market Development Status

The European Cyclists' Federation (ECF) estimates that bicycle sales in Europe will increase from 22 million units in 2020 to 30 million units in 2030, with e-bikes account for 50% of the overall sale. Market expansion will also stimulate diverse developments, including smart bikes, customized products, and gears on the product side, and innovative rental and subscription under the circular economy model. Bikes and e-bikes are beneficial to daily life, urban development and planet sustainability; thus, the long-term trend of bicycle development remains stable. The Giant Group adopts the strategy of equal importance on OEM/ODM and own brands, i.e., to design and manufacture for reputable global brands as well as work on cultivating our private brands - GIANT, Liv, Momentum, and the high-end carbon-composite components under CADEX for worldwide distribution. With the focus of research and development on one and only products, we forge innovative environment to identify new growth momentum. Tying in with a high-performance matrix organization, we build up resilience for the Group's sustainable growth.

Research and Development (R&D) Strategies

With Taiwan Headquarters as the technology center, the Giant Group integrates R&D resources in Europe, the U.S. and China and learns of consumers' preferences to create popular products. We continue to specialize in race bikes, new gravel-specific bikes and professional mountain bikes; and combine the next-level cycling science with more advanced carbon fiber technology while running trials on the most demanding race courses to persistently optimize every technical and competitive aspect of the game. In addition, we develop high-end lightweight full carbon fiber e-bikes and in-house RideControl system for human-machine interface and cycling safety. We aim to bring consumers a smart experience which integrates cyclist, bike, system as well as the environment. For Paris 2024 Olympic Games, CADEX will provide premium components and products to fully support athletes in the Games and continue to enhance our brand image.

Sustainability Transformation

The Giant Group announced its ESG strategy - "Cycling For A Better Future" in its 50th anniversary. With achievements in the cycling industry over the past 50 years as the foundation, the Group promotes sustainability from the three ESG strategy pillars of "Innovating a clean future", "Transforming for circularity" and "Mobilizing for DEI", aiming to be a long-lasting international group. In addition to carrying out the basic ESG work - implementing greenhouse gas (GHG) inventory, adjusting processes for energy-saving and emission reduction, and using clean energy, the Group will actively apply carbon reduction efforts to products and launch the circular economy framework for the future. At the same time, we will roll out products made from recycled raw materials, including water bottle cages, helmets, eyewear, handlebar tapes, and handlebar grips; and conduct carbon footprint inventory for TCR Advanced Pro 0, one of our most popular models. We employ our long-established cycling science and manufacturing technology to gradually realize sustainability. We utilize carbon inventory results to target our carbon emission hotspots, and by increasing the BAS membership to 78 members, we successfully promote carbon inventory and reduction among members. We organized forums at the Taipei Cycle to present our achievements and share sustainability cases of our members. What

was more, this was the first time Taiwan invited the world's seven leading associations to advocate sustainability and cycling carbon rights together, and to unite as one voice to speak to the world. We have successfully initiated sustainable transformation of the supply chain, not only making Taiwan the most important supplier of premium bicycles, but also giving sustainable cycling a brand-new definition. We are aware that as EU tightens its regulations, the supply chain that can successfully undergo a sustainable transformation will surely enjoy the "blue oceans." Meanwhile, we enhance our resilience to external changes for the sustainable development and stable growth of the Giant Group.

Brand and Digital Marketing

On top of actively promoting ESG practices, the Group once again took part in the Eurobike as an exhibitor with its four own brands after nearly 10 years. The most high-profile new products of GIANT, Liv, Momentum and CADEX were introduced at this largest exhibition of the cycling industry along with the Group's Dynamic Cycling Fit (DCF) system to display our wide range of products and services to those who are passionate about cycling.

The Giant Group is committed to building customer-oriented interactive experiences. From brand promotion, community interaction, official website, retail store experience to after-sales service, the Group utilizes digital tools to interact with consumers for them to enjoy consistent experience at all contact points. We also take steps to enhance talent training and improve processes in order to secure a thorough implementation of digital transformation and strategies. In terms of data analysis, the Group uses real-time, accurate big data and analytical tools to understand the current market and future trends.

We are dedicated to digital experience projects in order to enhance consumers' experience on our official website and e-commerce platforms. At the same time, we develop distributor platforms to facilitate their operations, allowing our subsidiaries to quickly detect and respond to changes in the marketplace, thereby creating a consistent brand experience across all channels, both online and offline.

Manufacturing and Supply Strategy

Besides Taiwan, China and Europe, the Giant Group has expanded the production bases to include Vietnam in order to meet worldwide sales demand with flexibility and agility. We will continue employing the strategies of short supply chain with prompt response to market demand for dynamic capacity adjustments at each site. Furthermore, we will accelerate the process between production and sales through logistics centers in Taiwan and the Netherlands to secure business opportunities ahead of competitors. Smart production is the focus of our development where automated production lines construction 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.

The most important task in 2024 is to return to a healthy status of operation. From manufacturing side, we will reinstating Toyota Production System (TPS) with proposals of waste elimination and continuous improvement. From the sales side, we put forward business process reengineering (BPR) to enhance turnover rate in assets. We must connect production team with sales team in order to firmly control risks and embrace a better future with our unique competitive advantages in the ever-changing environment.

Two. Company Overview

1. Company profile

(1) Date of establishment:

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

(2) The Company History

- 1972 • Establishment of Giant Manufacturing Co., Ltd.

- 1981 • Creation of GIANT Brand

- 1987 • Mass production of carbon bikes

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

- 1994 • Listed in TWSE Code: 9921

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

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

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

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

- 2004 • 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.

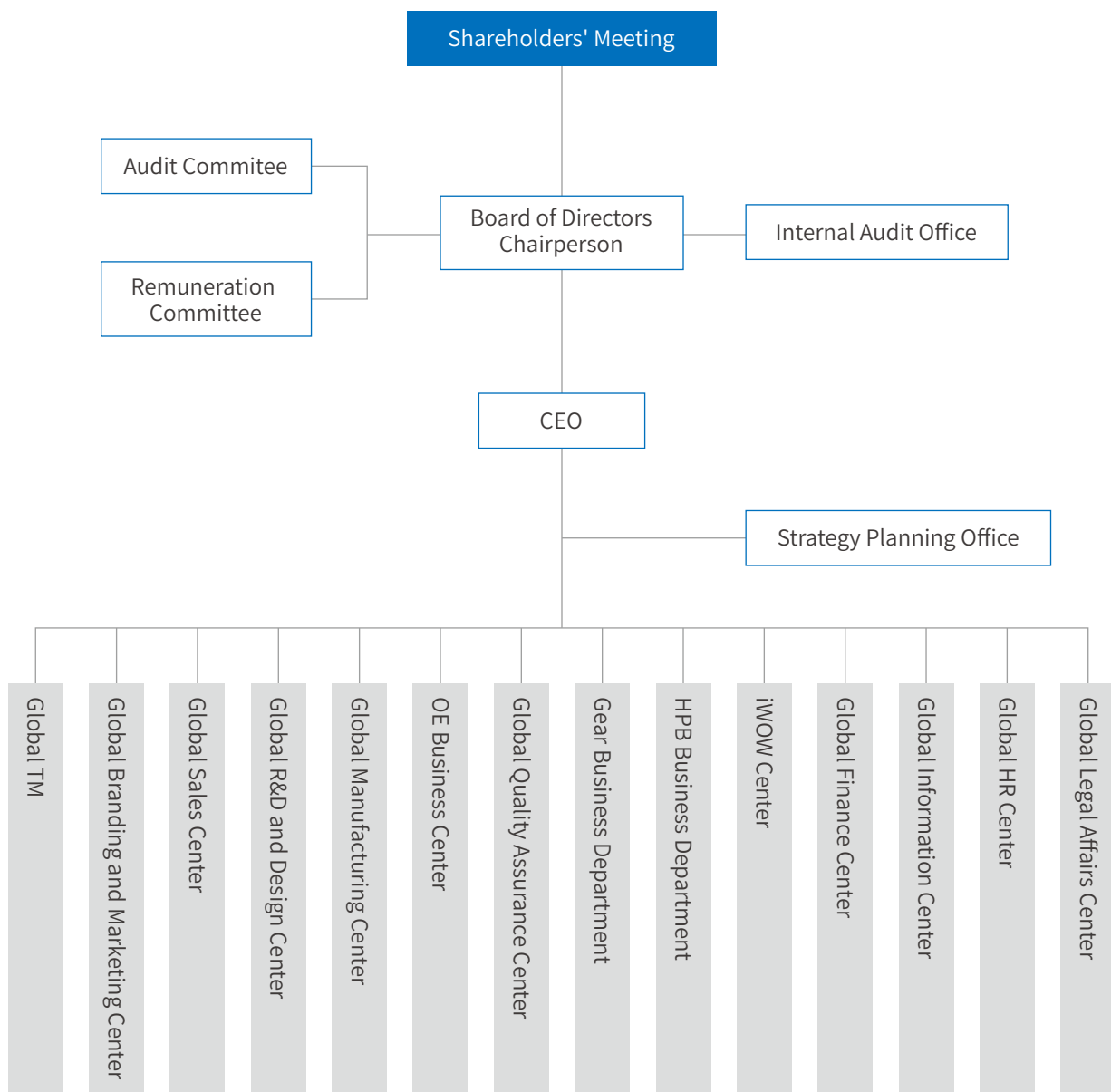
- 2012 • YouBike operates in Taipei
-
- 2014 • Official launch of female brand Liv
-
- 2016 • Chairman King Liu and CEO Anthony Lo retired on December 31, and were succeeded by Executive Vice President Bonnie Tu for the Chairman position, and COO Young Liu for the CEO position
-
- 2017 • Giant sponsor 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
-
- 2020 • Cycling Culture Museum open
• 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, the Brand worth US\$670 million;
-
- 2022 • The company led the industry supply chain and called for “Bicycling Alliance for Sustainability (BAS)”;
• The founder, King Liu, was awarded the UN “Special Lifetime Achievement Award” on the International Bicycle Day 2022;
• The company was awarded National Sustainable Development Awards 2022 by Executive Yuan
• No. 6 of top 25 Best Taiwan Global Brands, the Brand worth US\$746 million;
• Giant Vietnam Manufacturing Company Ltd. founded
-
- 2023 • Ranked No.51 of Global 100 index 2023 by Canadian publishing and research organization “Corporate Knights”.
• No. 6 of Taiwan Global Brands, the Brand worth US\$790 million;
• Giant SEA Bicycle Company Ltd. founded
• Chairperson, Bonnie Tu, was awarded the UN “Special Lifetime Achievement Award” on the International Bicycle Day 2023.



Three. Corporate Governance Report

1. Organization

(1) Organization chart of Giant Group headquarters



(2) Responsibilities of main departments

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

Main departments	Main duties
Global Quality Assurance Center	Responsible for quality management-related policies, strategies, developments and plans within the Company. Coordinates quality assurance models and systems across countries/plants. Monitors major quality issues and ensures timely resolution.
OE Business Center	Develops medium/long-term strategies and responsive plans for the OE service. Manages the coordination between production and quality management.
Global TM	Product strategy, product planning, parts search and development, and team merchandise for proprietary brand.
Global Manufacturing Center	Develops medium/long-term strategies and responsive plans for global production. Ensures alignment between production strength and products at various production sites, and adjusts where necessary to conform to current development and strategies. Manages the coordination between production sites and business functions.
Global R&D and Design Center	Studies consumer behavior, performs industrial analysis, develops new technologies and applications that enhance product value/innovation/competitiveness, integrates aesthetic designs and develops Giant's style to the needs of consumers.
Global Sales Center	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

Title (Note 1)	Nation-ality or place of registr-ation	Name	Gender	Date first elected (Note 3)	Date elected	Term	Shareholding when elected		Current shareholding	
							Shares	%	Shares	%
Chairperson	Taiwan	THO, TU HSIU-CHEN (Bonnie Tu)	Female	1981.08.04	2021.07.08	3 years	8,332,348	2.22	13,006,668	3.32
Director	Taiwan	LIU, YUON-CHAN (Young Liu)	Male	1997.07.30	2021.07.08	3 years	13,297,162	3.55	16,296,026	4.16
Director	Taiwan	Kinabalu Holding Company		2021.07.08	2021.07.08	3 years	17,600,000	4.69	18,238,183	4.65
	Malaysia	Kinabalu Holding Company representative, THO , TZU SING	Male	-	-	-	-	-	3,693,827	0.94
Director	Taiwan	LIU, CHIN-PIAO (King Liu)	Male	1973.04.30	2021.07.08	3 years	13,703,498	3.65	7,738,278	1.97
Director	Malaysia	THO, TZU CHIEN	Male	2021.07.08	2021.07.08	3 years	3,302,895	0.88	3,693,827	0.94
Director	Taiwan	CHIU, TA-PENG	Male	1997.07.30	2021.07.08	3 years	4,491,928	1.20	4,075,707	1.04
Director	Taiwan	YANG, HUAI-CHING	Male	2006.07.30	2021.07.08	3 years	4,749,764	1.27	6,454,980	1.65

March 30, 2024

Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements (Note 4)	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 (Note 5)
Shares	%	Shares	%			Title	Name	Relationship	
97,214	0.02	-	-	Tamkang College of Sciences & Literatures The Company - Executive Vice President, Founder of Liv Brand	The Company - Chairperson Yuan Hsin Investment, Kinabalu Holding, Giant (China), Giant Investment-Chairperson Giant (Japan), - Director	Director Director representative	THO , TZU CHIEN THO, TZU SING	Mother and son Mothner and son	None
-	-	-	-	MBA, Roosevelt University The Company - COO Giant China - CEO	The Company - CEO Giant Group Greater China Region- President Giant Investment - Director, GM Giant Cycling Sports Services, D. Mag Technology, Giant Japan, DARZINS- Director AIPS Technology - Chairperson	Director Director	LIU, CHIN-PIAO (King Liu) Yang,Huai Ching	Father and son Brother-in-law	None
-	-	-	-	-	-	-	-	-	-
-	-	-	-	Bachelor of Arts from Columbia College Chicago	Yuan Hsin Investment - Director H Plus Son- founder	Chairperson Director	THO, TU HSIU-CHEN (Bonnie Tu) THO , TZU CHIEN	Mother and son Brothers	None
-	-	-	-	Taichung Industrial High School The Company - Chairman Huei De Company - Chairman Chinese National Association of Industry and Commerce - Managing Director	The Company - founder YouBike - Director Cycling Life-Style Foundation - Director	Director Director	LIU, YUON-CHAN (Young Liu) YANG,HUAI-CHING	Father and son Son in Law	None
-	-	-	-	University of Georgia, Ph.D Philosophy University of Milan Researcher	University of Bristol Lecturer	Director Director representative	THO, TU HSIU-CHEN (Bonnie Tu) THO , TZU SING	Mother and son Brothers	None
1,000,046	0.26	-	-	Business Administration, Tamshui 3-year College The Company - Vice President Operations Audit Office - Vice President	Giant Sales - Chairman D. Mag Technology-Director YouBike - Supervisor	-	-	-	None
30,000	-	-	-	Kaohsiung Medical University School of Medicine Pharmigene Inc. - Director Mackay Memorial Hospital - Chief Physician	-	Director Director	LIU, CHIN-PIAO (King Liu) LIU, YUON-CHAN	Father in law Brother in law	None

Title (Note 1)	Nation-ality or place of registr-ation	Name	Gender	Date first elected (Note 3)	Date elected	Term	Shareholding when elected		Current shareholding	
							Shares	%	Shares	%
Director	Taiwan	CHIU, TA-WEI	Male	2018.06.22	2021.07.08	3 years	1,033,772	0.28	1,071,257	0.27
Independent Director	Taiwan	HO, CHUN-SHENG	Male	2021.07.08	2021.07.08	3 years	-	-	-	-
Independent Director	Taiwan	CHEN, HONG-SO (Hilo Chen)	Male	2015.06.25	2021.07.08	3 years	-	-	-	-
Independent Director	Taiwan	LO, JUI-LIN	Male	2018.06.22	2021.07.08	3 years	-	-	-	-

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.



Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements (Note 4)	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 (Note 5)
Shares	%	Shares	%			Title	Name	Relationship	
86,516	0.02	-	-	Chung Yuan Christian University School of Department of Chemical Engineering Yungshin Pharm Ind. Co. Ltd - Technician Huei De Company - Director	-	-	-	-	None
-	-	-	-	Tatung University School of Department of Electrical Engineering ADVANTECH CO., LTD. Global General Manager / General Manager of China Tatung CO., LTD. - Director	ADVANTECH CO.,LTD, - Director Advantech Beijing-Director Unabiz Pte Ltd - Director	-	-	-	None
-	-	-	-	EMBA, National Chiao Tung University SYSTEX Co., Ltd-CEO, GM Yahoo China and North Asia-Marketing Vice President	OneAD - Founder and Chairman China Chemical & Pharmaceutical Co., Ltd., YAGEO Co., Ltd.- Independent Director and remuneration committee Sercomm Corporation.- Remuneration Committee	-	-	-	None
-	-	-	-	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 and Remuneration Committee	-	-	-	None

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

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



Core competence of directors

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

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

* There are 2 directors (18%) who are also employees of the Company (where the Chairperson and President are not the same person nor spouse or relative within one degree of kinship to each other), 3 independent directors (27%), 1 female director (9%), 1 corporate director (9%), and 2 directors with foreign nationality (18%). As for the age distribution of the Board, 4 directors are above 70 years old, while 3 of them are between 61 to 70 years old and 4 directors are under 60 years old.

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

* Diversity targets: Gender: At least one female director; Professional background: At least one director with accounting or financial expertise and one director from non-cycling industry; The Company has achieved one female director, seven directors with accounting or financial expertise, seven directors from non-bicycle industries and three independent directors. Independence: At least three directors, two of whom must be female directors in 2024 and more than one third of independent directors in 2027.

* The three Independent Directors constitute 27% of the Board, and there is no circumstances as specified in Article 26-3, Paragraph 3 of the Securities and Exchange Act, no spousal or is within the second degree of kinship relationship between or among the Directors. As such, the Board of Directors carries independence.

Major shareholders of corporate shareholders

As of March 30, 2024

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

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

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

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

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

Professional qualifications of directors and independence status of independent directors:

Name	Criteria	Professional Qualifications and Experiences (Note 1)	Independence Status (Notes 1 & 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
THO, TU HSIU-CHEN (Bonnie Tu)		Joined the Giant group in 1978. as head of finance and procurement and successfully executes the IPO of the Company in 1994. From 1999, served as the executive vice president and CFO of the Group, in charge of the business development and global financial strategies of the Giant Group. Suced chairperson of the group from Jan. 1st, 2017. As the founder of female-specific cycling brand, Liv, she is committed to the evolution of female cycling. In 2020, she ranked 28th in the 50 most influential people in cycling of UK' s Cycling News, and also awarded by the UN "Special Lifetime Achievement Award" on the Internation Bicycle Day 2023.	Meet (5)(6)(7)(8)(9)(11)(12)	—
LIU, YUON-CHAN (Young Liu)		Joined the Giant group in 1989. 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, not only set up factories but also make Giant as the No. 1 bicycle brand in China. From 2017, he succeeded as CEO of the Gaint group. Although it has experienced various challenges such as shared bicycles booming in China, the China-US trade war, the epidemic and inflation, he lead the group's revenue and profits to hit new highs and continue to expand the group operation. In 2002, he won the "20th Outstanding Manager Award" from the Enterprise Managers Association of the Republic of China. He won the Taipei Management Research Institute in 2014 The 2nd Outstanding Mainland Taiwanese Business Award. He won the National Outstanding CEO Award in 2019. and the 16th National Distinguished Accomplishment Award of Chinese Professional Management Association in 2022.	Meet (5)(6)(7)(8)(9)(11)(12)	—
LIU, CHIN-PIAO (King Liu)		Founded Giant Manufacturing Co., Ltd in 1972, leading Giant to become one of the few international companies that sells around the world operating under its own brand. He once served as the founded chairman of representative of the bicycle export industry in Taiwan. He also organized an A-team to promote Taiwan' s bicycle industry. It has made great contributions to promoting Taiwan as a bicycle island. Started promoting YouBike in 2008 and now it is the public bicycle with the highest turnover rate in the world. Among the numerous honors received, there were the "Special Contribution for the Promotion of Taiwan' s International Brand" from the Ministry of Economic Affairs in 2004, "People of the Year" by Bicycle Retailer & Industry News in 2009, 9th National Distinguished Accomplishment Award in 2015, "The Order of the Rising Sun" by Japan in 2017 and the UN World Bicycle Day Award – Special Lifetime Achievement Award in 2022.	Meet (1)(5)(6)(7)(8)(9)(11)(12)	—

Name	Criteria	Professional Qualifications and Experiences (Note 1)	Independence Status (Notes 1 & 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
CHIU, TA-PENG		Once the head of product technology division and director of general affairs department. He has 20 years of experience in internal audit, specializing in internal management. After 40 years in the cycling industry, he has vast industry experience.	Meet (1)(3)(4) (5)(6)(7)(8) (9)(10)(11)(12)	—
Corporate Representative of Kinabalu Holding Company - THO, TZU-SING		Once the founder of a wheelset brand company and a director of other investment companies, he has expertise in operation management.	Meet (1)(2) (5)(6)(7)(8)(9) (11)	—
YANG, HUAI-CHING		Graduated from Kaohsiung Medical University, he once served as a director in a biotechnology company with expertise in operation management.	Meet (1)(2)(3) (5)(6)(7)(8) (9)(11)(12)	—
CHIU, TA-WEI		Once served as a technician in a pharmaceutical company and a director in other investment companies, he has expertise in operation management.	Meet (1)(2)(3) (4)(5)(6)(7)(8) (9)(10)(11)(12)	—
THO, TZU-CHIEN		He has studied philosophy in the U.S., Italy and Germany with a Doctor of Philosophy degree and has global market perspectives. He is currently a lecturer at University of Bristol in England with global perspective and leadership experience.	Meet (1)(2)(3) (5)(6)(7)(8) (9)(11)(12)	—
CHEN, HONG-SO (Hilo Chen) (Independent Director)		Once the president, COO or CTO in Systex, Yahoo, Kimo, IBM, Microsoft, Motorola, Oracle and Novell, his expertise lies in IT industry. He is currently the chairperson of his own company and has comprehensive experience in management, operation and crisis management. No conditions set out in Article 30 of the Company Act exist.	Meet (1)(2)(3) (4)(5)(6)(7)(8) (9)(10)(11)(12)	2
LO, JUI-LIN (Independent Director)		With many years of experience as a CPA, he has engaged with numerous industries and his expertise lies in finance and accounting. He has comprehensive experience in management, operation and financial management. No conditions set out in Article 30 of the Company Act exist.	Meet (1)(2)(3) (4)(5)(6)(7)(8) (9)(10)(11)(12)	2
HO, CHUN-SHENG (Independent Director)		Being a co-founder of Advantech Co., Ltd., he has long been dedicated to global marketing, brand and operation management of Advantech and initiated plans for realizing the corporate vision of Enabling an Intelligent Planet to accelerate Advantech's progress in IoT. These actions have driven Advantech to ranked among the top five global brands for consecutive years since 2004. He has comprehensive experience in management, operation and crisis management. No conditions set out in Article 30 of the Company Act exist.	Meet (1)(2)(3) (4)(5)(6)(7)(8) (9)(10)(11)(12)	0

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

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

located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

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

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



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

Title (Note 1)	Nation	Name	Gender	Date elected/ appointed	Current shareholding		Shares held by spouse and underage children	
					Shares	%	Shares	%
CEO	Taiwan	LIU, YUON-CHAN (Young Liu)	Male	2017.01	16,296,026	4.16	-	-
Head of Global Manufacturing Center	Taiwan	YEN, CHING-HSIN	Male	2016.10	-	-	200,000	0.05
Head of Global R&D center	Taiwan	CHANG, SHENG-CHANG	Male	2016.10	-	-	103,828	0.03
Global Chief of Finance	Taiwan	WANG, PI-YU	Female	2017.09	-	-	-	-
Chief Operating Officer of HPB Division	Taiwan	CHEN, GUEI-YAO	Male	2021.01	-	-	60,456	0.02

Note 1: Includes background information of the President, Vice Presidents, Assistant Vice Presidents, heads of various departments and branches, and

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.

Note 3: Where the Company's President or personnel with equivalent position (chief manager) and Chairperson are the same person, spouses and dependent children of the President, Vice Presidents, Assistant Vice Presidents, heads of various departments and branches, and Independent Directors and have majority of Directors not serving as employees or managerial officers): None

March 30, 2024

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	%			Title	Name	Relationship	
-	-	MBA, Roosevelt University The Company - COO	CEO of Greater China Region Giant Investment Co., Ltd., - President CEO Giant Cycling Sports Services (Kunshan) Co., Ltd., D. Mag Technology Co., Ltd., Giant Japan, DARZINS – Director AIPS Technology Co., Ltd. – Chairperson	-	-	-	-
-	-	Department of Industrial Engineering and Enterprise Information, Tunghai University Taiwan Plant President CEO	Giant (China) Co., Ltd., Giant (Tianjin) Co., Ltd, Giant Kunshan, Giant Europe Mfg., Giant Hungary Mfg., Giant Vietnam Manufacturing Ltd., D. Mag Technology Co., Ltd. and GIANT SEA Bicycle Co.,Ltd.– Director	-	-	-	-
-	-	Chemical Engineering, Ta Hwa 5-year College Technology R&D Center - Manager	None	-	-	-	-
-	-	Master in Accounting, Oklahoma City University Global Finance Center -Manager	Giant Canada, Giant US, Giant France, Giant Australia, Giant Poland, Giant UK, Giant Europe, Giant Korea, Giant Germany, Giant Italy, Giant Europe Mfg., Giant Hungary Mfg., Giant Vietnam Manufacturing Ltd., Merdeka, DARZINS, GIANT SEA Bicycle Co.,Ltd. and SPIA CYCLING INC. - Director	-	-	-	-
-	-	Electronic, Minghsin 5-year College Giant Electric Vehicle (Kunshan) Co., Ltd.- President.	Giant Electric Vehicle (Kunshan) Co., Ltd.-Director	-	-	-	-

and anyone of equivalent authority to the above, regardless of their job titles.

iated company, are disclosed with detailed job titles and responsibilities. The Company does not issue employee options and restricted employee

or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g. increase the number of

3. Remuneration to directors, President, and Vice Presidents

(1) Directors' remuneration

		Directors' remuneration							
Title	Name (Note 1)	Compensation (A) (Note 2)		Pension (B) (Note 2)		Director remuneration (C) (Note 3)		Fees for services rendered (D) (Note 4)	
		The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)	The Company	All companies included in consolidated statements (Note 7)
Chairperson	THO, TU HSIU-CHEN (Bonnie Tu)	3,600	3,600	0	0	18,413	18,413	50	50
Director	LIU, YUON-CHAN (Young Liu)	1,800	1,800	0	0	10,522	10,522	50	50
Director	Kinabalu Holding Company	1,800	1,800	0	0	10,522	10,522	50	50
Director	LIU, CHIN-PIAO (King Liu)	1,800	1,800	0	0	10,522	10,522	50	50
Director	THO, TZU CHIEN	1,800	1,800	0	0	10,522	10,522	50	50
Director	CHIU, TA-PENG	1,800	1,800	0	0	10,522	10,522	50	50
Director	YANG, HUAI-CHING	1,800	1,800	0	0	10,522	10,522	50	50
Director	CHIU, TA-WEI	1,800	1,800	0	0	10,522	10,522	50	50
Independent Director	HO, CHUN-SHENG	3,000	3,000	0	0	0	0	50	50
Independent Director	CHEN, HONG-SO (Hilo Chen)	3,000	3,000	0	0	0	0	50	50
Independent Director	LO, JUI-LIN	3,000	3,000	0	0	0	0	50	50

Unit: NTD thousands

	The sum of A, B, C, and D as a percentage of net income (Note 10)		Compensation as company employee								The sum of A, B, C, D, E, F, and G as a percentage of net income (Note 10)		Compensation from investments other than subsidiaries (Note 11)
			Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Employee remuneration (G) (Note 6)				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)				
						Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares				
	22,063 0.65%	22,063 0.65%	6,102	6,102	0	0	64,344	0	64,344	0	92,509 2.72%	92,509 2.72%	None
	12,372 0.36%	12,372 0.36%	5,651	5,651	0	0	51,415	0	51,415	0	69,438 2.04%	69,438 2.04%	None
	12,372 0.36%	12,372 0.36%	0	0	0	0	0	0	0	0	12,372 0.36%	12,372 0.36%	None
	12,372 0.36%	12,372 0.36%	0	0	0	0	0	0	0	0	12,372 0.36%	12,372 0.36%	None
	12,372 0.36%	12,372 0.36%	0	0	0	0	0	0	0	0	12,372 0.36%	12,372 0.36%	None
	12,372 0.36%	12,372 0.36%	0	0	0	0	0	0	0	0	12,372 0.36%	12,372 0.36%	None
	12,372 0.36%	12,372 0.36%	0	0	0	0	0	0	0	0	12,372 0.36%	12,372 0.36%	None
	12,372 0.36%	12,372 0.36%	0	0	0	0	0	0	0	0	12,372 0.36%	12,372 0.36%	None
	3,050 0.09%	3,050 0.09%	0	0	0	0	0	0	0	0	3,050 0.09%	3,050 0.09%	None
	3,050 0.09%	3,050 0.09%	0	0	0	0	0	0	0	0	3,050 0.09%	3,050 0.09%	None
	3,050 0.09%	3,050 0.09%	0	0	0	0	0	0	0	0	3,050 0.09%	3,050 0.09%	None

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

Article 24 of the Articles of Incorporation: Remuneration to director is paid on a monthly basis. The Board is authorized to determine the amount of remuneration based on the involvement of directors in the business operation of the Company and their contributions to the Company. There are also the “Methods for Performance Evaluation of the Board of Directors” in place. To implement corporate governance and enhance Board functions, the Company has formulated the “Methods and Procedures for Performance Evaluation of the Board of Directors”, whereby internal assessments on the Board shall be conducted at least annually and assessments by external independent institutions shall be carried out at a minimum of every three years. The 2022 assessment conducted by an external institution and the outcome showed that operation of the Board as a whole was sound. Self-assessments on the Board and Board members were conducted in 2020, 2021 and 2023, no director was found to be underperforming to the degree that his/her remuneration and compensation needed to be reevaluated.

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

Note 1: Directors’ names shall be presented separately (for corporate shareholders, the name of the corporate shareholder and its representative shall be stated separately) with indications on whether they are directors or independent directors. Amount of benefits and allowances is presented in aggregate.

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Remuneration to the President and Vice Presidents

Unit: NTD thousands

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances etc (C) (Note 3)		Employee remuneration (D) (Note 4)				The sum of A, B, C, and D as a percentage of net income (%) (Note 8)		Compensation from investments other than subsidiaries (Note 9)		
		All companies included in consolidated statements (Note 5)		All companies included in consolidated statements (Note 5)		All companies included in consolidated statements (Note 5)		The Company		All companies included in consolidated statements (Note 5)		All companies included in consolidated statements (Note 5)				
		The Company	The Company	The Company	The Company	The Company	The Company	The Company	The Company	The Company	The Company	The Company	The Company			
CEO	LIU, YUON-CHAN (Young Liu)	9,388	9,388	0	0	0	0	69,235	0	69,235	0	78,623	78,623	2.31%	2.31%	None
Head of Global Manufacturing Center	YEN, CHING-HSIN															

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



Remuneration brackets table

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

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

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

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

Note 4: Represents the amount of employee compensation provided for the President and Vice Presidents (in cash or in shares), which the board of directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Table 1-3 has been prepared in addition to the above details.

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. (Please fill in "None" where there is no such compensation.)

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				
Head of HPB	CHEN, KUEI-YAO	0	109,231	109,231	3.21%
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 2022	Year 2023
Directors		
President and Vice Presidents	4.90%	7.85%

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. The performance evaluation and remuneration of the Company's directors and managers are regularly assessed and reviewed annually by the Remuneration Committee and the Board of Directors, considering the annual contribution performance of the employee and the influence to his/her potential future development, as well as overall internal fairness and external competitiveness, the retaining of skilled staff and long term incentives.

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

4. Corporate governance

(1) Operation of the Board

A total of 7 (A) Board meetings were held in 2023. Attendance records of the directors are as follows:

Title	Name (Note 1)	Actual attendance B	Attendance by proxy	Actual attendance rate (%) [B/A] (Note 2)	Remarks
Chairperson	THO, TU HSIU- CHEN (Bonnie Tu)	7	0	100%	
Director	LIU, YUON-CHAN (Young Liu)	7	0	100%	
Director	Kinabalu Holding Company	6	1	85%	
Director	LIU, CHIN-PIAO (King Liu)	6	1	85%	
Director	THO, TZU-CHIEN	4	3	57%	
Director	CHIU, TA-PENG	7	0	100%	
Director	YANG, HUAI-CHING	6	0	85%	Asking for leave once
Director	CHIU, TA-WEI	7	0	100%	
Independent Director	HO, CHUN-SHENG	7	0	100%	
Independent Director	CHEN, HONG-SO (Hilo Chen)	7	0	100%	
Independent Director	LO, JUI-LIN	7	0	100%	

Other remarks:

1. For Board meetings with one of the following circumstances, state the date, session, content of motions, independent directors' opinions and actions taken regarding such opinions: Please refer to the "Major resolutions of Board meeting" in this annual report.

(1) Circumstances set out in Article 14-3 of the Securities and Exchange Act : None.

(2) Except for items specified above, other resolutions on which an independent director expresses objection or reservation, either by recorded statement or in writing : None.

2. For situations where directors recuse themselves from any motion due to conflict of interest, the directors' names, content of motions, causes for the recusal, and participation in voting shall be specified:

14th meeting and the 4th special of the 17th Board: Proposal concerning the commitment of subsidiary D. Mag (Kunshan) New Material Technology Co., LTD., will make to get listed on the stock exchange in China. Except for Board members who were related parties or recused themselves from the discussion due to conflict of interest, the motion had passed as proposed by all other directors.

3. The frequency, period, scope, method, and details for self (or peer) performance evaluation of the Board shall be disclosed by TWSE/TPEX-listed companies and please refer to below implementation of Board performance evaluation

(1) Frequency: Annually

(2) Period: January 1, 2023 to December 31, 2023

(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

Title	Name (Note 1)	Actual attendance B	Attendance by proxy	Actual attendance rate (%) [B/A] (Note 2)	Remarks
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(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. The 2023 evaluation was reported on the March 13th, 2024 Board meeting.
5. The Company engaged an external institution to perform external Board performance evaluation by every 3 years in December 2022 as a performance-oriented external evaluation. Method adopted included document reviews, self-evaluation of directors and the unit responsible for the Board meeting as well as interviews with directors on the three dimensions of Structure, People, and Process and Information. The scope encompassed the following eight elements: the structure and process of the Board, members of the Board, legal entities and organizational structure, roles and responsibilities, behaviors and culture, training and development of directors, oversight on risk control and oversight on filing, disclosure and performance.

Evaluation outcome is rated as: Basic (comply with basic requirements of the competent authorities and laws and regulations), Advanced (not only comply with basic requirements of the competent authorities and laws and regulations but also has its own set of effective practices or take the initiatives to improve the performance of the dimension), and Benchmark (the practice not only exceeds the basic requirements of the competent authorities and laws and regulations but also can serve as the benchmark). The Giant Group rated “Advanced” for the comprehensive evaluation on Board Structure, People, and Process and Information. Opinions are summarized as follows: The Giant Group has a complete Board operation system and establishes a culture of openness and honesty for Board members to apply their expertise for business needs. The Company is also committed to Board diversity, enhancing Board decisions with diverse professional backgrounds and experiences. The Company’s performance in terms of Structure, People, and Process and Information was rated “Advanced” upon the comprehensive evaluation. The evaluation results were reported to the Board on March 10th, 2023.

4. Objectives of strengthening the functionality of the Board (e.g., to establish an audit committee and to enhance information transparency) in the current year and the most recent year and evaluation on the execution thereof: The Company established the Audit Committee with functions as stipulated in applicable laws and regulations on June 22, 2018. Please refer to “Functionality of the Audit Committee” in this annual report for details. The Company elected three independent directors to be members of the Remuneration Committee on August 6, 2021 as an effort to increase the independence of the Board and functional committees. A report about sustainable development promotion and risk management operation was given on December 15th 2023, the 14th meeting of the 17th Board, to benefit the execution of the Board functions.

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 2023

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

2023	2023.01.20 17 th 3 rd Special Meeting	2023.02.23 17 th 4 th Special Meeting	2023.03.10 17 th 10 th Meeting	2023.05.10 17 th 11 th Meeting	2023.08.04 17 th 12 th Meeting	2023.11.10 17 th 13 th Meeting	2023.12.15 17 th 14 th Meeting
LO, JUI-LIN	●	●	●	●	●	●	●
CHEN, HONG-SO	●	●	●	●	●	●	●
HO, CHUN-SHENG	●	●	●	●	●	●	●

(2) Functionality of the Audit Committee:

Audit Committee members

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

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

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

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

Audit Committee Meeting Status

A total of 7 meetings (A) were held in 2023; attendance records are as follows:

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

Other remarks:

1. When one of the following situations occurs, the date and session of the Audit Committee meeting; contents of motions; objections, reservations or major recommendations of Independent Directors; resolutions of the Committee and actions taken by the Company regarding the Committee's opinions shall be specified:
 - (1) Matters specified in Article 14-5 of the Securities and Exchange Act:
Please refer to the "Resolutions of the Audit Committee in 2023 below.
 - (2) Except for above-mentioned items, resolutions which were not approved by the Audit Committee but was approved by two-thirds or more of all directors: None.
2. For situations where independent directors recuse themselves from any motion due to conflict of interest, the independent directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified: None.
3. Communications between the independent directors, the internal audit supervisor, and CPAs (It shall include material issues concerning the finance and business of the Company, and the means and outcomes of communication):
 - (1) Independent directors and CPAs meet regularly every year. CPAs would report the Company's financial status, the finance and overall operation of subsidiaries both at home and abroad as well as findings from internal audits to the independent directors.
 - (2) CPAs meet Independent directors without the presence of the company at least once a year to communicate on the annual report over the auditing target, scope, risk assessment, auditing procedure, Audit Quality Indicators(AQI) and other necessary issues. The result of the communications: Notified with no disagreements.
 - (3) The internal audit supervisor meets with independent directors at least once every quarter and reports internal audit findings and operations of internal controls.
 - (4) The internal audit supervisor, CPAs and independent directors can communicate with each other whenever the need arises. They have open communication channels between them.

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

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

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

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

Major Resolutions of 2023 Audit Committee meetings

Date	Major Resolutions	Outcome of Resolution
2023.01.20 3 rd special meeting of the 2 nd term	Discussions on the company's investigating Stages Cycling, Inc. equity and convertible Bond.	Attendance of audit committees: 3 Opinions of audit committees: Agree. The management team shall report quarterly the operating status and financial statements. Actions taken concerning opinions of audit committees: Requirement has been forward. Not applicable due to the cease of the plan. Resolution: Unanimous approval of all members. The management team shall report quarterly the operating status and financial statements.
2023.02.23 4 th special meeting of the 2 nd term	Proposal concerning the commitment of subsidiary D. Mag (Kunshan) New Material Technology Co., LTD., will make to get listed on the stock exchange in China.	Attendance of audit committees: 3 Opinions of audit committees: None Actions taken concerning opinions of audit committees: None Resolution: Unanimous approval of all members
2023.03.10 9 th meeting of the 2 nd term	<ol style="list-style-type: none"> 1. Internal audit report of the Company 2. Outcome of 2022 self-evaluation on internal control of the Company 3. Derivative trading of the Company 4. Provision of loans to the subsidiary, Giant Europe B.V. 5. Financial statements for the year ended December 31, 2022 of the Company 6. 2022 earnings distribution of the Company 	Attendance of audit committees: 3 Opinions of audit committees: None Actions taken concerning opinions of audit committees: None Resolution: Unanimous approval of all members
2023.05.10 10 th meeting of the 2 nd term	<ol style="list-style-type: none"> 1. Financial statements for the three months ended March 31, 2023 of the Company 2. Internal audit report of the Company 3. Derivative trading of the Company 4. Pre-approval of the accounting firm non-arrurance services to related parties 	Attendance of audit committees: 3 Opinions of audit committees: None Actions taken concerning opinions of audit committees: None Resolution: Unanimous approval of all members
2023.08.04 11 th meeting of the 2 nd term	<ol style="list-style-type: none"> 1. Financial statements for the six months ended June 30, 2023 of the Company 2. Internal audit report of the Company 3. Derivative trading of the Company 4. Captial increase to Giant Manufacturing Hungary Ltd. 5. Provision of loans to the subsidiary, Giant Europe B.V. 6. Company's endorsement for MHCb long-term credit to Giant Manufacturing Hungary Ltd. 7. The acquisition of Land use right for the found of 2nd Vietnam factory. 	Attendance of audit committees: 3 Opinions of audit committees: None Actions taken concerning opinions of audit committees: None Resolution: Unanimous approval of all members
2023.11.10 12 th meeting of the 2 nd term	<ol style="list-style-type: none"> 1. Financial statements for the nine months ended September 30, 2023 of the Company 2. Internal audit report of the Company 3. 2024 audit plan of the Company 4. Derivative trading of the Company 5. Provision of loans to the subsidiary, AIPS Technology Co., Ltd. (AIPS) 6. Provision of loans to the subsidiary, Giant Europe Manufacturing B.V. 7. Independence assessments of the Company's CPAs and reviews on audit fee 	Attendance of audit committees: 3 Opinions of audit committees: None Actions taken concerning opinions of audit committees: None Resolution: Unanimous approval of all members

Date	Major Resolutions	Outcome of Resolution
2023.12.15 13 th meeting of the 2 nd term	<ol style="list-style-type: none"> Internal audit report of the Company Provision of loans to the subsidiary, Giant Europe B.V. Ten commitments of subsidiary D. Mag (Kunshan) New Material Technology Co., LTD., will make to get listed on the stock exchange in China. 	Attendance of audit committees: 3 Opinions of audit committees: None Actions taken concerning opinions of audit committees: None Resolution: Unanimous approval of all members

2023 Report on Performance Evaluation Outcomes of the Board, Board Members, Audit Committee and Remuneration Committee

Giant Manufacturing Co., Ltd. conducted 2023 performance evaluation of the Board pursuant to the “Procedures for Performance Evaluation of the Board of Directors” in order to implement corporate governance and enhance the functions of the Board. Scope of the evaluation included the entire Board, individual Board members, the Audit Committee and the Remuneration Committee. Evaluation methods adopted were internal self-evaluations for the Board, self-evaluations for Board members, and internal self-evaluations for the Audit Committee and the Remuneration Committee.

Evaluation period:

January 1 to December 31, 2023

Scoring standards:

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

Evaluation procedures:

The designated unit would collect the self-evaluation questionnaires from the 11 Board members to compile the “summary of 2023 self-evaluation questionnaires for Directors”, as well as the internal self-evaluation questionnaires for the Board, the Audit Committee and the Remuneration Committee. Data are summarized and reported to the Board.

Once the scores from aforementioned procedures were collected and calculated, the evaluation outcome was reported in the Board meeting on March 13, 2024.

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	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"?	✓	
2. Ownership structure and shareholders' rights		
(1) Has the Company established internal operation procedures to handle shareholders' suggestions, concerns, disputes and litigations? If yes, has these procedures been implemented accordingly?	✓	
(2) Has the Company possessed a list of major shareholders and ultimate owners of these major shareholders?	✓	
(3) Has the Company established and implemented risk management and firewall mechanisms between itself and affiliates?	✓	
(4) Has the Company established internal rules to prevent insiders from using undisclosed information to trade securities?	✓	
3. Composition and responsibilities of the Board of Directors		
(1) Has the Board of Directors established a diversity policy and specific management goals and proceeded accordingly?	✓	
(2) Other than the Remuneration and Audit Committees which are required by law, has the Company voluntarily set up other functional Committees?	✓	
(3) Has the Company formulated rules and methods for the performance evaluation of the Board of Directors and carried out the evaluation annually? Is the outcome of performance evaluation submitted to the Board of Directors and used as reference for the remuneration or re-election nomination of individual Director?	✓	

Implementation Status (Note 1)	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>The Company has established its own “Corporate Governance Principles”. Stakeholders can access the information from the Corporate Governance section at the corporate website.</p>	<p>In compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”</p>
<p>(1) The Company has rules governing matters pertaining to shareholders’ services and dedicated personnel to handle shareholders’ suggestions and disputes.</p> <p>(2) The Company has dedicated personnel in charge of the lists of major shareholders and ultimate owners of these major shareholders.</p> <p>(3) Management rules for operation have been established and implemented at subsidiaries.</p> <p>(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.</p>	<p>No material deviation is found in comparison with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</p>
<p>(1) The Company has specified the required number of independent directors in the Articles of Incorporation. Candidates outside of the cycling industry have been nominated by the Board and elected in accordance with the Articles of Incorporation. Diversity policy of the Board is detailed in Article 20 of the “Corporate Governance Principles” on the corporate website and the “Core Competence of Directors” is disclosed in this annual report. The Company’s Board members are diverse in terms of professional background, gender, age, etc. and satisfy the goal of diversity as well as practical needs for business developments.</p> <p>(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.</p> <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>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Evaluation Item	Yes	No
(3) Has the Company formulated rules and methods for the performance evaluation of the Board of Directors and carried out the evaluation annually? Is the outcome of performance evaluation submitted to the Board of Directors and used as reference for the remuneration or re-election nomination of individual Director?	✓	

Implementation Status (Note 1)	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>The Company reported the 2023 performance evaluation outcomes of the Board to the Board on March 13, 2024. The evaluation outcomes covered the following five aspects:</p> <ol style="list-style-type: none"> Level of participation in the Company's operation; Improvement on the quality of Board's decisions; Composition and structure of the Board; Election and continuing education of Directors; and Internal control. <p>The evaluation items included:</p> <ol style="list-style-type: none"> Familiarity with the Company's goals and missions; Understanding of director's duties; Level of participation in the Company's operation; Management of internal relationship and communication; Professionalism and continuing education of directors; and Internal control. <p>Scope of the evaluation included the entire Board, individual Board member, the Audit Committee and the Remuneration Committee. Evaluation methods adopted were internal self-evaluations for the Board, self-evaluations for Board members, and internal self-evaluations for the Audit Committee and the Remuneration Committee. The evaluation outcomes were all above standard and the result was reported to the Board in March 2024.</p> <p>The Company engaged an external institution to perform the 2022 external Board performance evaluation in December 2022. Opinions from the external evaluation were summarized as follows: The Giant Group has a complete Board operation system and establishes a culture of openness and honesty for Board members to apply their expertise for business needs. The Company is also committed to Board diversity, enhancing Board decisions with diverse professional backgrounds and experiences. The Company's performance in terms of Structure, People, and Process and Information was rated "Advanced" upon the comprehensive evaluation. According to outcome of the 2023 evaluation, the Board delivered a sound performance. No individual director was found to be unfit where remuneration or re-election nomination shall be reconsidered.</p>	<p>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Evaluation Item	Yes	No
(4) Has the Company periodically evaluated the independence of its CPAs?	✓	
4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief governance officer to handle matters pertaining to corporate governance (including but not limited to providing information required for business execution by directors and supervisors, assisting directors and supervisors with regulatory compliance, handling matters pertaining to board meetings and shareholders' meetings according to laws and regulations, producing minutes of board meetings and shareholders meetings, etc.)?	✓	

Implementation Status (Note 1)	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>(4) Regular CPA rotation is required to effectively maintain the independence and audit quality of independent auditors. The rotation principle dictates that CPAs shall not be retained by the Company for seven consecutive years and once rotated, they shall not be retained again within five years. The audit committee assesses the independence and competence of the CPAs annually by requiring the CPAs to issue statements of independence and Audit Quality Indications (AQIs), following the Company’s independence criteria (please refer to the attached “CPAs Independence Assessment Report”). The assessment justified there was no independence issues concerning the pre-approved CPAs case and The Company’s compensation for other fianance and taxation cases, as well as other fianancial benefits or business relationship. The independence requirement also applicable to the audit committee; following AQI, the committee ensured the CPA firm was above the average on training hours, rotation, accountant load, the disciplinary and the technology application. Digital auditing tools will be imported continually to improve the quality. The latest assessment will be sent for the approval of audit committee first in May 2023, and for further assessment on the Board meeting in May 2023, on the issue of indepenace and the competence.</p>	<p>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>The Company has established a corporate governance task force with members comprise of representatives from the finance, legal affairs, and public relations departments and the corporate governance officer appointed by the Board as its convener. Its main responsibilities are as follows:</p> <ol style="list-style-type: none"> (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 are conducted on the overall operation of the Board. 	<p>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Evaluation Item	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 providing information required for business execution by directors and supervisors, assisting directors and supervisors with regulatory compliance, handling matters pertaining to board meetings and shareholders' meetings according to laws and regulations, producing minutes of board meetings and shareholders meetings, etc.)?	✓	
5. Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section on the corporate website to address their concerns on major corporate social responsibility issues?	✓	
6. Has the Company appointed a professional shareholder service agency to organize the shareholders' meetings?	✓	
7. Information disclosure		
(1) Has the Company established a corporate website to disclose information regarding the Company's finance, business and corporate governance status?	✓	
(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)?	✓	
(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?		✓

Implementation Status (Note 1)	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>(6) In 2023, the corporate governance officer had performed his duties as required. Each director had taken at least six hours of continuing education sessions, satisfying the requirements set out in the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”. The corporate governance officer took 12 hours of education sessions within one year after he took office, meeting the requirements for the continuing education of corporate governance officer.</p> <p>(7) The corporate governance officer is full-time, except for serving as a director of Microprogram Information Co., Ltd., and does not hold any other positions in the company or other companies.</p>	<p>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>The contact information of spokesperson and relevant departments is available on the corporate website. Also, a stakeholder section has been created to properly address issues concerned by stakeholders (including but not limited to shareholders, employees, customers and suppliers), such as sustainable developments. The Company also communicates with investors and shareholders via investor conferences and with suppliers through the online procurement platform.</p>	<p>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>The Company has set up a shareholder service unit dedicating to shareholders' affairs and engaged a professional shareholder service agency to assist with the convention of shareholders' meetings.</p>	<p>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>(1) The Company has set up a corporate website to disclose financial, business, corporate governance and other material information.</p> <p>(2) The Company has set up the spokesperson system and a shareholder service unit under the finance department, dedicating to handle shareholder affairs and the periodic or unscheduled disclosures of business performance as well as material information through announcement channels of Taiwan Stock Exchange Corporation for shareholders to have better insights on the Company's operations. The Company appoints the head of accounting and public relation personnel to maintain investors relations, hold meetings with domestic and foreign institutional investors, and disclose business performance in a timely manner.</p> <p>(3) The Company has publicly announced and filed its financial reports and monthly operational status within the regulated deadlines.</p>	<p>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Evaluation Item	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)?	✓	

Implementation Status (Note 1)	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>(1) Employee rights The Company has established personnel management rules in accordance with labor regulations to address employees' rights concerning salaries, welfare, work, training, leave of absence, retirement, etc., and provides group insurance to ensure the rights are thoroughly protected. The Company has founded an industrial union and an Employee Welfare Committee (EWC) as the bridges of communication with employees, thereby protecting their legal and justified rights. Both organizations have functioned smoothly.</p>	<p>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>(2) Employee care The Company provides proper care for its employees. In the personnel policy and the charters of EWC and industrial union, it is explicitly stated that management or department managers would tend to the needs of employees and offer assistance where necessary in the event of wedding, funeral, illness, injury, personal/family troubles, etc.</p>	
<p>(3) Investor relations The Company has set up the spokesperson system and a shareholder service unit under the finance department, dedicating to handle shareholder affairs and the periodic or unscheduled disclosures of business performance as well as material information through announcement channels of Taiwan Stock Exchange Corporation for shareholders to have better insights on the Company's operations. The Company appoints the accounting officer and public relation personnel to maintain investors relations, hold meetings with domestic and foreign institutional investors, and disclose business performance in a timely manner.</p>	
<p>(4) Supplier relations The Company has established a Central Satellite Factory System at an early stage and maintained a good and mutually beneficial relationship with suppliers. The Company has close communications with suppliers and exchanges business information, such as industry news and production/sales order data. It has implemented a counselling program to support suppliers in technical, operational and financial aspects, thereby ensuring mutual prosperity.</p>	
<p>(5) Rights of stakeholders: Rights of stakeholders are handled according to relevant laws and regulations.</p>	
<p>(6) Directors' continuing education, implementation of risk management policy, risk assessment standards as well as customer service policy, and liability insurance provided by the Company for directors and supervisors are as follows: a. The Company has established and amended the Rules of Procedure for the Board of Directors' Meetings according to the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies. Directors' attendance in the Board meetings and recusal from motions due to conflict of interests are governed by the Rules.</p>	

Evaluation Item	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)?	✓	

9. The improvement status for the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center in the most recent years and the priority of pending issues and measures. (Companies not included in the Evaluation are exempted.)

Improvements:

- Electronic voting: The Company signed an agreement with the Taiwan Depository and Clearing Corporation in 2016 to voluntarily adopt the e-voting in 2017.
- Nomination system for director candidates: The Company has amended the Articles of Incorporation in the 2019 annual shareholders' meeting to adopt the candidate nomination system for the election of directors. The system was applied in the 2021 director election for the first time.
- Appointment of corporate governance officer: The Board approved the appointment of corporate governance officer, which took effect in June 2021.
- External performance evaluation of the Board: The Board had conducted triennial external evaluations and rated "Advanced", which had been approved on the 2023 March Board meeting.

Issues and measures with high priority:

Enhance the independence of the Board and functional committees: (the 17th-term was reelected in 2021, and the goal is to be after the 18th-term)

% of Independent Director\Term of Board	15 th	16 th	17 th	18 th	19 th
Board of Directors	22%	27%	27%	27%	33%
Remuneration Committee	33%	67%	100%	100%	100%
Audit Committee	(Yet to be established)	100%	100%	100%	100%

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

Implementation Status (Note 1)	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<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 this year.</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>	<p>No material deviation is found in comparison with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Auditor Independence Assessment Report

Auditors' independence is assessed according to Article 29 of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." The Company assesses Auditors' independence using the following criteria; All findings were reported during the 13th meeting of the 17th term of BOD held in 2023:

Giant MFG. Co., Ltd. Auditor Independence Assessment

Date of assessment: November 10, 2023

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, 2024

Title (Note)	Name	Criteria Professional Qualifications and Experience (Note)	Independence Status (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving in the Remuneration Committee
Independent Director (Convener)	CHEN, HONG SO (Hilo Chen)	Please refer to the section of Professional qualifications of directors and independence status of independent directors.	Please refer to the section of Professional qualifications of directors and independence status of independent directors.	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: Please describe the seniority, professional qualifications, experience and independence of individual Remuneration Committee members. For independent directors, please refer to “Background of directors” for details. For title, please fill in independent director or others. (Please identify the convener where appropriate.)



B. Operation of the Remuneration Committee

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

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

The Remuneration Committee held 2 meetings (A) in 2023. Eligibility and attendance of members are as follows:

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

Other remarks:

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

Date	Session	Content of Motions	Committee Resolutions
2023.03.03	4 th meeting of the 5 th term	1. 2022 remuneration to directors	Approved
		2. 2022 employee compensation to managers	Approved
		3. The Promotion of Group Chief of Staff WEN,HSU-JU.	Approved
2023.12.08	5 th meeting of the 5 th term	1. Distribution principle of 2023 year-end bonus and the amount to managers	Approved
		2. The remuneration assessment of the chairman of subsidiary D. Mag (Kunshan) New Material Technology Co., LTD. concerning the decisive influence of the chairman and his parttime as the director of R&D. Suggestions to import institutionalized operation management after IPO and recruit a full-time director of R&D. for the long term benefit of the company.	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 B

Promotion Items	Yes	No
	<p>1. Has the Company established a governance structure for sustainability developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management authorized by the board of directors to handle relevant issues under the supervision of the board?</p>	✓
<p>2. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)</p>	✓	

Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons

Implementation Status (Note 1)	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>(1) With sustainability transition being a key strategy of the Group, the board of directors has authorized the CEO to lead the management team in handling sustainability-related matters. The management team has established the “ESG Bureau and ESG Task Force” in 2021. We set annual targets with subsidiaries’ management teams for each sustainable development scope in the four aspects of “carbon governance, ESG, external resources, and reporting and communications,” and constantly monitor and control the progress. The vision and mission of the sustainability policy, along with the three major strategic themes, are formally announced by the CEO, who directly leads monthly meetings and task forces assembled for issues on hand.</p> <p>(2) On a quarterly basis, the CEO reports the performance of key tasks to the board while the “ESG Bureau and ESG Task Force” report the GHG inventory plan and implementation status thereof. The Company completed carbon inventory in the Greater China Region for the first time in 2022 and reported the results as well as the Group’s overall inventory plans to the board. From 2023 onwards, the board has monitored the implementation of the Group’s inventory plans on a quarterly basis and the inventory scope has been successfully expanded to cover overseas sales companies in Japan, South Korea, the U.S., Mexico, Canada, and Australia. The board receives regular reports (including the sustainability report) from the management team on</p> <ol style="list-style-type: none"> a. identification of sustainability issues of concern and formulation of corresponding action plans; b. modification of targets and policies on sustainability-related issues; and c. supervision over the implementation of sustainability issues as well as the performance evaluation every year. <p>The management team shall propose corporate strategies to the board for the latter to assess the feasibility of these strategies, review the progress of the strategies, and urge the former to make adjustments when the need arises.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>(1) The board approved the “Risk Management Procedures” in March 2023. The in-charge units took all business entities of the Group as the boundary for risk assessment, identified risk changes in aspects of operation, finance, environment, hazardous incidents and climate change, and recognized inventory risk as the Group's significant risk. Inventory management was reported by head of Manufacturing and head of sales to the board of directors and the Audit Committee in March, May, August, and November. The Internal Audit Office performed regular and random audits on the internal control system, and the Chief Audit Officer reported the audit results to the board and the Audit Committee in March, May, August, November, and December to assist the management team and the board in ensuring operation efficiency, financial reporting, and regulatory compliance for the sound operation of the Company. The management team also summarized the Group’s annual risk management report at the board meeting in December.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Promotion Items

Yes No

-
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) ✓

Implementation Status (Note 1)

Description

Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons

(2) In accordance with risk management policies, the long-term financial impacts of ESG issues and sustainability issues of concern to stakeholders, we identify items related to business operations, formulate corresponding strategies and guidelines, prepare budgets in relation to sustainable developments of each unit, plan and execute projects, and monitor the implementation results to ensure the sustainability strategy is fully implemented in the Group's day-to-day operations.

No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies

Material Issue	Summary of risk assessment items	Description
Environmental aspect	Climate action	<ol style="list-style-type: none"> All operation bases in Taiwan and China obtained ISO 14064 GHG certification in 2023. Improved product carbon footprint through practices such as improving energy efficiency of equipment, building in-house solar power systems, and using recycled materials. Taiwan has obtained the "ISO 50001 Energy Management System" certification in 2023, making energy usage transparent, accelerating the formulation of energy-saving plans and identifying abnormal points, and reducing unnecessary energy consumption.
	Supply chain carbon reduction	<ol style="list-style-type: none"> Jointly committed to implementing GHG inventory within two years and reducing carbon emissions by 3% every year. 84% of the 78 members had completed the GHG inventory in the first year.
Social aspect	Community services	<ol style="list-style-type: none"> One clean-up activity in the neighborhood of our Taiwan factory. Two riverside clean-ups at Fazi River, which is close to our Headquarters at the Central Taiwan Science Park. Established firebreaks for forest restoration at the Dadu Mountain, Taichung Beach clean-up at Chushui, Yuanli, collected 780 kilograms of waste. Beach clean-up at Songbo Harbor, Dajia, collected 1.12 tons of waste. <p>Activities above had a total of more than 690 participants. We continuously improve our neighborhood and promote community harmony.</p>
	OSH	<ol style="list-style-type: none"> Giant Manufacturing Co., Ltd. obtained the "Taiwan Occupational Safety and Health Management System (TOSHMS)" certification in 2023. Monthly review of the Group's occupational safety incidents (including false alarms) and adoption of source improvement measures to prevent recurrences. Regularly conduct fire drills and occupational safety training every year to improve employees' emergency response capabilities and personal safety management. Organize first aid training courses and set up first aid facilities in accordance with Article 6 of the Regulations of the Labor Health Protection
Governance aspect	Financial performance - inventory management	<ol style="list-style-type: none"> The board of directors and the Audit Committee track progress on a quarterly basis. The management team reviews inventory level at least twice every month.
	Stakeholder engagement	<ol style="list-style-type: none"> A total of 1,600 questionnaires were sent out to identify stakeholders' topics of concern. Questionnaires were sent out to senior executives to understand the long-term financial impact of sustainability issues. Identify material sustainability issues, take response actions, and report and disclose details in the sustainability report and on the official website.

Promotion Items

Yes No

-
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) ✓

3. Environmental issues

- (1) Has the Company established a proper environmental management system designed to fit its industry characteristics? ✓

Implementation Status (Note 1)	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>(3) In line with the strategy of Cycling for a Better Future, three major strategic themes with corresponding long-term targets are formulated (including targets of emission reduction and circular economy) to achieve sustainability transition. Performance evaluation items of the management team can be categorized into two groups:</p> <ul style="list-style-type: none"> a. financial metrics: contributions of each business unit to the Company's margin based on the profit and loss statements and the target achievement rates of executive officers; and b. non-financial metrics: the practice of the Company's core values, business management capabilities and participation in sustainable management for the calculation of performance bonus. <p>The compensation system is reviewed on an ongoing basis in light of the actual operating status and relevant laws and regulations. Long-term sustainable development targets shall account for no less than 10% of the Group's annual performance evaluation. Evaluations are carried out in line with this principle, and adjusted for individual executive's level of contributions.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>(1) All employees of the Company are bound by the following environmental policies:</p> <ul style="list-style-type: none"> · Regulatory compliance - Gather, identify, comply and conform with all environment-related laws and requirements that are applicable given Giant's products, activities, and services, and convey relevant information to employees. · Impact mitigation - Provide proper protection facilities and equipment or develop standard operating procedures to regulate hazardous substance, effluent and waste treatment in order to ensure effective control over their environmental impacts. · Ongoing improvement - Implement environmental policies; set goals to Reduce, Reuse, and Recycle as well as prevent pollution; and use the outcome as the basis for performance evaluation to ensure ongoing improvement. · Education - Enhance competence by improving skills and knowledge, and identify skills required to achieve better work performance and for employees to better understand their responsibilities. Also, encourage employees to participate in the implementation of environmental management system. <p>All of our factories and subsidiaries in Taiwan and China have conducted annual GHG inventory pursuant to ISO14064-1 with third-party assurance. Emission reduction performance is tracked on a monthly basis and disclosed in the sustainability report.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Promotion Items

Yes No

(2) Is the Company committed to improving the energy efficiency and utilizing renewable materials that have low environmental impact? ✓

(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and adopt measures to respond to climate-related issues? ✓

Implementation Status (Note 1)	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>(2) The Company is dedicated to the development of eco-friendly, green product materials and packaging materials featuring “low toxicity,” “volume reduction,” and “recyclability.” We not only comply with regulatory requirements but also mitigate the environmental impact of resource utilization.</p> <p>Besides green building materials, materials from the former structure are used in the construction of the Group’s Headquarters where appropriate to minimize waste.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>(3) To respond to environmental and climate-change issues, the Company conducted an in-depth study on climate risks and opportunities. By simulating extreme rainfall scenario, we confirmed that our operation bases in Taiwan are not directly subject to financial losses from disasters such as floods or mudslides.</p> <p>Bicycle is an environmentally friendly green product. With low-carbon transportation gradually becomes mainstream, the market is promising in the long run with more business opportunities of the circular economy emerging. By driving the supply chain sustainability transition, we redefine the sustainable value of premium bicycles, bringing long-term financial value to the Company.</p> <p>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 concepts 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. By the year end of 2023, the systems are now available in eleven cities/counties: Taipei City, New Taipei City, Taoyuan City, Hsinchu City (including the Hsinchu Science Park), Hsinchu County, Miaoli County, Taichung City, Chiayi City, Tainan City, Kaohsiung City and Pingtung County.</p> <p>In 2023, the number of uses was 130.59 million times, with a reduces CO₂ emission by 25,600 ton CO₂e/year, and more than 350,000 users per day. 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.</p> <p>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.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Promotion Items

Yes No

(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and adopt measures to respond to climate-related issues? ✓

(4) Has the Company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for reductions of GHG and water consumption, or other waste management? ✓

Implementation Status (Note 1)

Description

Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons

Our domestic sales, which is deeply rooted in Taiwan, promote a green and healthy cycling life, and set sustainability and go green as part of our annual management targets. The “Cloud-based AI Energy Management Platform” was introduced in June 2019. It integrates AI and IoT in monitoring the total electricity consumption in offices. Data is then tied in with remotely controlled air conditioners to transform “energy consumption” into “energy conservation”. The system saves about 30% of electricity expense and sets a fine example of having smart technology managing our lives. Our Group Global Headquarters in the Central Taiwan Science Park was officially completed and opened in 2020. The building has incorporated the concepts of energy-saving, emission-reduction as well as eco-friendliness at the design stage. It thus won the Green Building Label issued by the Ministry of the Interior, fully demonstrating the Company’s commitment to environmental protection.

No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies

(4) Emissions of Giant’s Taiwan factories between 2021 and 2023 are as follows:

Items(MT)	2021	2022	2023	Changes
GHG emission	28,621	28,586	20,028	-29.94%
Water consumption (Water withdrawal-water discharge=Water consumption)	287,837	234,094	124,380	-46.87%
Water withdrawal	482,541	424,868	282,176	-33.59%
Water discharge	194,704	190,774	157,796	-17.29%
Waste (Recyclable + Non-recyclable)	5,855	6,085	4,011	-34.08%
Recyclable waste	3,977	4,381	2,823	-35.56%
Non-recyclable waste	1,877	1,704	1,188	-30.28%

No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies

* Comparison of carbon emission per unit of production:

Year	Scopes 1 & 2 (MT)	Carbon Emission per Unit of Production
2021	28,620	32.18
2022	28,580	26.47
2023	20,028	25.14
Reduction in 2023	-29.9%	-5.0%
Accumulated Reduction	-30.0%	-21.9%

Note: The Company adopted operation boundary defined in ISO14064-1:2018 to conduct inventory for the first time in 2021.

Promotion Items

Yes No

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- (4) Has the Company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for reductions of GHG and water consumption, or other waste management? ✓

Implementation Status (Note 1)			Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
The Company took aggressive measures to reduce carbon emission. The quantitative targets are as follows:			No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies	
Definition of GHG emission	Long-term and short-term targets	Performance in 2023		
Scope 1+ Scope 2	3% reduction per year using 2021 as the base year, with the reduction target of 25% by 2030	Achieved		
Target of water consumption	Long-term and short-term targets	Performance in 2023		
Factories	An average of 10% reduction in the first two years	Achieved		
Target of total waste weight	Long-term and short-term targets	Performance in 2023		
Factories	An average of 10% reduction in the first two years	Achieved		
From the policy perspective, our environmental policies cover regulatory compliance, impact mitigation, ongoing improvement, and education. The Company has “Public Hazard Control Policy” and “Waste Management Procedures” in place for the promotion of environmental protection and energy conservation. There are also “Preventive Maintenance Management Rules” and “Power Equipment Management Rules” for energy conservation and carbon reduction of power equipment. Actions taken included:				
<ul style="list-style-type: none"> - Charity sale of the Company’s second-hand items to promote the concept of sustainability. A part of the proceeds was donated for social welfare. - Promotion of Sustainable 22 which includes the following actions: <ul style="list-style-type: none"> · Turn the lights off when leaving the work station · Turn the power off when getting off work · Set air conditioners at 25 degrees Celsius or above · Take the stairs instead of elevators for distance within three floors · Finish all food · Use recyclable utensils · Have one less hand-shaken drink every week · Ban the use of disposable straws · Go digital instead of printing · Use reusable shopping bags instead of plastic bags · Cycling to work one day every week · Carpool commuting · Set computers to power saver mode (e.g., battery efficiency, hibernate mode when going idle, etc.) · Eco setting for printing (e.g., printing in black and white, use reduced-size printing, duplex printing, etc.); reuse printing papers · Exchange second-hand items · Share office supplies · Reuse packaging materials such as cardboard boxes and envelopes · Use digital business cards instead of paper ones · Use eco-friendly dishwashing detergent and apply effective dishwashing skills 				

Promotion Items

Yes No

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- (4) Has the Company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for reductions of GHG and water consumption, or other waste management? ✓

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? ✓

Implementation Status (Note 1)	Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	<ul style="list-style-type: none"> · Turn off the lights during the one-hour lunch break · Refill ballpoint pens · Use rechargeable batteries <p>- Adopt energy management systems to monitor electricity consumption of office buildings.</p> <p>- New construction projects not only use environmental building materials but also salvage reusable materials to minimize waste.</p> <p>- Stop printing yearly notebooks.</p> <p>- Reduce the use of disposable materials at large events - ban the use of disposable utensils, reuse flowers from floral arrangements, and lease instead of buying LED walls.</p> <p>The Group Headquarters engage professional cafeteria management company to significantly reduce the use of disposable tableware. We also encourage the packing of leftover to avoid food waste and scrap.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>

(1) The Company respects and supports international human rights standards and principles, including the Universal Declaration of Human Rights, the United Nations Global Compact (UNGC) and the Declaration on Fundamental Principles and Rights at Work of International Labour Organization (ILO). We comply with regulations of countries where we operate and establish as well as disclose policies concerning the protection of human rights based on the United Nations Guiding Principles on Business and Human Rights to prevent invasions or violations of human rights. Our employment policies are in compliance with labor regulations. Employees are given equal and fair opportunities with regards to recruitment, employment, training, promotion, salary, benefit, transfer, and club or leisure activities. The legal rights of every employee have been properly protected without discrimination against factors unrelated to work. To enforce recruitment policies effectively and comply with labor regulations, the Company has set up relevant measures such as employee work rules to protect the work rights of every employee. Furthermore, the industrial union and the EWC have been established where all employees are entitled to associated benefits. The Company's human rights management policy and concrete plans are summarized below:

Human Rights Management Policy	Concrete Plans
Provide a safe and healthy work environment and assist employees in maintaining physical and mental health and a work-life balance.	Please refer to “7. Safety and health” for details. Comprehensive and smooth promotion channels.
Prohibit forced labor and comply with local labor laws and regulations.	Adhere to the leave policy, and encourage employees to maintain a work-life balance.
Establish and sign human rights agreements with suppliers.	Invite suppliers to sign the human rights self-evaluation form. Twelve promotion sessions were organized through the BAS in 2023.

No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies

Promotion Items

Yes No

(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? ✓

(3) Has the Company provided employees with a safe and healthy work environment as well as regular safety and health education? ✓

Implementation Status (Note 1)	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>(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 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. 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.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>(3) The following actions have been taken for employees to have a safer and healthier work environment:</p> <ol style="list-style-type: none"> Regular employee health checkup. Smoke-free work place, where employees can work in a comfortable and healthy environment. 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. 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. The EWC organizes outdoor activities such as cycling and company trips from time to time, inspiring employees to develop good exercise habits and healthy lifestyle. The Company organizes first-aid training in accordance with Article 6 of the Rules Governing Labor Health Protection, and provides first-aid kits throughout the premises. 	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>In 2023, there were 18 occupational injuries at our Taiwan factories (15 people were affected, which were less than 1% of the total number of employees) and zero fire incidents. These incidents have been investigated with improvement measures implemented. The main types of injuries included cut, slash, scrape, mechanical injuries, and crushed or rolled up accidents. These statistics remind the Company of the importance of OSH, and motivate the Giant Group to strengthen relevant safety measures in order to safeguard the safety and health of its employees.</p>	

Promotion Items

Yes No

- | Promotion Items | Yes | No |
|---|-----|----|
| (4) Has the Company established effective career development training plans? | ✓ | |
| (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? Have the aforementioned reports obtained a third-party assurance or verification statement? | ✓ | |
| (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? | ✓ | |



Implementation Status (Note 1)	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>(4) During the annual performance evaluation, line managers are required to discuss and formulate individual development plans (IDP) with their employees. Arrangements such as employee exchange programs and job rotations are available to assist employees with their career development.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>(5) The Company prepared the 2022 Sustainability Report in accordance with the internationally accepted report preparation standards and guidelines, i.e., the GRI and SASB standards, and disclosed climate-related information by the TCFD standards. We have obtained a AA1000 moderate level of assurance from the third-party certification company AFNOR Group. The corporate website discloses events under development and their progresses. We continue to think about how corporate resources can be used to support meaningful charity events in fulfilling our social responsibilities.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>(6) The Company has drawn up the supplier assessment rules and regularly evaluated its suppliers. Counseling is offered to suppliers with undesirable performance and their improvements are monitored. Suppliers' past conducts are also taken into consideration during the selection process. Declarations concerning compliance with labor regulations and avoidance of environmental hazards have been included as mandatory provisions in all supplier agreements. We have requested suppliers to comply with restrictions imposed by different countries on environmentally hazardous substances, such as the REACH and RoHS of EU, and commit to fulfilling their corporate social responsibilities. The Company is entitled to terminate or rescind supply agreements at any time if suppliers have violated the provisions and caused significant impact on the environment and society. Relevant rules are stipulated in "The Code of Corporate Social Responsibility for Suppliers of Giant Group". Please refer to the corporate website for details.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>



Promotion Items

Yes No

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? Have the aforementioned reports obtained a third-party assurance or verification statement? ✓

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 sustainability practices:

(1) Environmental protection

In recent years, climate change and extreme weather have had significant impact on the global ecological environment. Consequently, there is increasing awareness on issues associated with environmental protection. Internally, we continue to promote the go green culture, while externally, we encourage the cycling culture and offer public bike rental service. We are devoted to move towards manufacturing processes featuring high efficiency and low pollution, and have more people enjoying eco-friendly products and transport.

In terms of energy saving and emission reduction, we strive towards the goal of zero pollution. Sources of pollution are under close scrutiny throughout the production process and the volume of wastewater and exhaust gas emission are reduced through manufacturing process improvement. There are also wastewater treatment and water resource recovery facilities to mitigate the pressure on the environment. Our Group Global Headquarters in the Central Taiwan Science Park was officially completed and opened in 2020. The building has incorporated the concepts of energy-saving, emission-reduction as well as eco-friendliness in the design stage. It thus won the Green Building Label issued by the Ministry of the Interior, fully demonstrating the Company's commitment to green energy and environmental protection. In addition, as Taiwan's electricity consumption rises every year, our subsidiary, Giant Sales Co., Ltd. (Giant Sales), advertises cycling to green healthy living and sets sustainability as well as go green as parts of annual management goals. In June 2019, we launched the "Cloud-based AI Energy Management Platform" during the peak electricity season. The platform integrates AI and IoT in monitoring the total electricity consumption of offices. Data is then tied in with remotely controlled air conditioners to transform "energy consumption" into "energy conservation", saving about 30% of the electricity expense. Besides, employees certainly feel more involved in energy conservation actions through the platform data. The Company would release the data weekly and parts of the savings are used on employee welfares, encouraging all employees to participate in smart electricity saving plans and setting a fine example of having smart technology dominating our lives.

As for the promotion of cycling culture and provision of public bike rental service, we remain committed to YouBike. By the year end of 2023, the systems are now available in eleven cities/counties: Taipei City, New Taipei City, Taoyuan City, Hsinchu City (including the Hsinchu Science Park), Hsinchu County, Miaoli County, Taichung City, Chiayi City, Tainan City, Kaohsiung City and Pingtung County. In 2023, the number of uses was 130.59 million times, with a reduces CO2 emission by 25,600 ton CO2e/year, and more than 350,000 users per day. YouBike is a convenient alternative for outing and mitigates traffic congestion as well. It contributes to a green earth by creating a sustainable, smart transportation environment.

(2) Community engagement

The Company organizes community cleanups annually. 400 enthusiastic employees would take part in cleaning areas within two km radius of the Company. They learn through experience on how to clean up the public spaces, pick up trash from sidewalks and gutters, remove fallen leaves

Implementation Status (Note 1)	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>The Company prepared the 2022 Sustainability Report in accordance with the internationally accepted report preparation standards and guidelines, i.e., the GRI and SASB standards, and disclosed climate-related information by the TCFD standards. We have obtained a AA1000 moderate level of assurance from the third-party certification company AFNOR Group. The corporate website discloses events under development and their progresses. We continue to think about how corporate resources can be used to support meaningful charity events in fulfilling our social responsibilities.</p>	<p>No material deviation is found in comparison with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p>

and weeds, and sort as well as recycle waste. The activities are not only highly-recognized by community members but also attract media attention.

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

(3) Social contribution

- A-team:

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.

- The Bicycling Alliance for Sustainability (BAS):

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

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

- Cycling culture:

As for abroad, we have long been part of the non-governmental organization, World Federation of the Sporting Goods Industry (WFSGI), which is officially recognized by the International Olympic Committee as representing the interest of the global sporting goods industry. The membership allows us to stay current with the dynamics of the industry and raise the visibility

of domestic cycling industry worldwide. The Company has long been sponsoring the tier-1 teams of UCI Road Race and numerous local cycling teams and professional cyclists. These sponsorships not only promote Taiwan's image as a high-end bicycle manufacturer, but also benefit the Company by having professionals putting out products through rigorous tests. With cyclists' feedbacks, we are able to make ongoing improvements to our products and further strengthen the R&D potential of bicycle in Taiwan. Whether it is the cycling sports and competitions, or the new cycling culture persistently promoted by the Company's founder, people of all classes and ages can enjoy the eco-friendly and healthy life brought about by bicycles. Taiwan is now not only world-famous for being a dominant supplier of high-end bicycles and innovative products, but also for the trend of round-island cycling.

· YouBike:

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

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

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

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

Youbike is definitely the glory of Taiwan, for being reported by international media such as BBC, Discovery and NHK. It was referenced and learned by scholars and officers from all over the world, which in return help to promote Taiwan in a civil diplomatia way. Besides the successful operation model, the high reliability of the bikes and low rate of theft indicating the civilization of the nation, which surprise the other countries. Let's hope Youbike can continue to grow in and with Taiwan!

Youbike is exported to Quanzhou, mainland China, in June, 2016, and walked out of Quanzhou to Putian in 2018. With the assistance from all parties, Renting Youbike with ChinaUnion IC card successfully go live at Quanzhou and Putian. This is a groundbreaking way of vehicle renting method in China, which awards the Excellent Management in Public bicycles in the same year. In 2019, the two local government were successfully persuaded to conduct a deposit-free registration. Combining the policy with delicate management and constantly improved operation service, the membership and uses have been increased significantly. Youbike was in the stratosphere, love and praised by the citizen and media. By the end of March 2024, the accumulated uses of Putian Youbike has breach 150 million, with a total carbon deduction 72 thousand tons, equals to 3.95 million trees planted.

(4) Social services

Cycling Life-Style Foundation was found by King Liu the founder of the Company with celebrities in the industry in 1989, aimig to promote cycling as the healthy leisure sports in Taiwan. The foundation had been dedicated to improve the cycling enviroemnt with the vison to buld Taiwan as a unite bicycle paradiase of the world.

All kinds of activities have been conducted since then, including educating the children to ride, cycling safety towards elementary/junior school, etc. In 2021, although the company was closed for nearly three months during Covid-19, the usage of 15 rental stations still reached to 600,000 users. In addition, in order to encourage self-challenge, there are certification services, not only for Round Taiwan tour, but also Wuling, One Day Taipei-Kaohsiung, One day Twin Towers, One day Provincial Highway 3...etc.

Formosa 900 actities were conducted annually, helping and encouraging everyone to accomplish the dreams of cycling around the island. Foreign friends are also welcome and even affected by covid-19, there were still 682 people participated in the 2021 Formosa 900.

Cooperating with the government, the foundation helps to plan strategies for Taiwan cycling improvement. Joint-developing the bicycle maintenance stations with vendors, the Company donated 100 sets to Ministry of Transportation and communications in 2021 the Taiwan cycles year, at tourism service center, Taiwan railway stations, and MOTC highway branches. By providing complete and convinent maintainence stations, riders can solve the problems themselves when on the road.

(5) Social welfare

Through the foundation the Company donates 300 second hand bikes annually to orphanages, social welfare orgnizations, remote area rural schools, share bicycles fully loaded with love and happiness to every single corner in Taiwan, hoping it would help to reduce the time spent on the road to schools, to expend the living circle and broaden the vision of the students. 40 conferences of cycling safeties were given to schools in Taipei city and New Taipei City, promoting the concept of "Drive safe, drive elegant". Bicycles were also donated to Taichung prison as training material for inmates, helping them to learn the bicycle maintenance methords and processes, which enable them to have skills after serving the sentences. It is good to receive tank you letter from those return to society.

Similar actions had been conducted in mainland China after Jianguo Giant-cycling-lifestyle foundations were set in October, 2008. The foundation is not for profit. The main purpose is to host or undertake charity bicycle projects to promote new cycling culture in China. In order to promote environmental protection, energy conservation and emission reduction, the foundation has long-term supported public cycling activities and individual cycling for environmental protection. At the same time, in order to promote the cycling sport, the foundation carries out cycling training for children aged 2 to 12 years old. Through balance training, children can learn to ride bicycles scientifically, safely and quickly, so that more children can love cycling. Since 2016, it has held more than 80 cycling training sessions and provided safe cycling teaching courses to more than 1,600 children. There were 15 related events held, with 1,500 players participating, and nearly 5,000 people participating in the activities. In order to promote traditional culture and combine with cycling sports, the Foundation has held cycling coming-of-age ceremony. It is a life ritual held for young people aged 16 to 18 through cycling challenges to recognize that young people have the ability and qualifications to enter society. In 2023, coming-of-age ceremonies themed "Ride yong and clean to the future" and "Ride yong and green to the future" were organized, two hundred students from Nanjing South East University and Kunshan Duke University joined the activity.

In order to cultivate the seed of cycling athletes and support the development of cycling, the foundation has supported Kunshan New Town primary and secondary school cycling teams in training bikes and gears since 2009. From 2021, it has signed a championship agreement with New Town primary and secondary schools to provide coaches with incentives will be given to team members who are transported to Jiangsu Province and Suzhou City. In 2023, the Commendation Conference distributed a total of 78,000 yuan to the team members and coaches sent to Jiangsu Province and Suzhou City. The school team won the 13th team championship of the Suzhou Sunshine Youth Cycling Race and sent a total of 12 team members to Suzhou No. 2 Sports School, of which 3 team members were sent to the Jiangsu Provincial Cycling Team. Besides funding all kinds of rides and conduct all kinds of cycling activities, the foundation is also active in poverty alleviation. An accumulate of 465 children were aid in the 7 years from 1999, Yunlin Western Student aid project were conducted in 2023, 30 bikes were donated to Henan province charity union, 100 helmets were donated to schools in Songjiang district for promoting ride safe lectures, 20 e-bikes were donated to Wujiang road communities, and all fund on the “Midsummer night market” in July was donated to support the caring activities conducted by Kunshan city. Upto now 414 registered personnel with 13,178 hours volunteer services had been accumulated for all charity activities held by the foundation.

(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 prioritize their health and safety as the cornerstone of our development. Product safety regulations and examinations have been our number one focus. We have strict quality control certification mechanisms in place from material selection, production standard to acceptance records in order to ensure stable quality. Besides complying with international standards such as EN and JIS, we design more challenging quality standards to provide customers with products that are safe and sound - raise the bar.

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. They 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 after-sales services to customers worldwide. Since 2012, all bike frames are covered by lifetime warranty while non-consumable parts have an over one-year warranty. The Company also 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. Customers can report or file complaints through these open channels for product defects or service concerns. Relevant units would then identify the causes and proceed accordingly. We set up a comprehensive complaint management and tracking mechanism to ensure our customers can receive satisfactory responses and solutions. We respect customer privacy. To assure customers the safety of using services available on the official websites of the Company and related brands, the collection and use of customer information at our websites comply with the “Personal Data Protection Act”. For our global operations, we also comply with local regulations such as EU' s General Data Protection Regulation (GDPR). We are committed to protect customer privacy with reasonable procedures.

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

(7) Human rights

All of the Company's human resources policies have complied with the government's labor regulations. Employees are treated equally within the Company, regardless of their nationality, race, gender or age. The Company respects each employee's work rights. We want all employees to have the opportunity to learn, grow and put their abilities to the best use at work. Employees may approach line managers, the human resources department or industrial unions, or use other means to raise complaints and seek solutions for any unfair treatment. At the Headquarters, each gender accounts for no less than one-third of total employees and no less than 30% of senior executive positions and above. At local offices, more than two-thirds of the Presidents in own brand sales companies are of local nationalities. Comparison of training hours in 2023 and 2022: Changes in the total and average training hours were mainly due to the shift of training from offline to online and the combination and reorganization of courses in the post-pandemic era. The trainings included newcomer orientation, management training, and professional skills.

Year	2021		2022		2023*	
	Female	Male	Female	Male	Female	Male
As a percentage of total employees	36.20%	63.80%	37.12%	62.88%	34.28%	65.72%
Average training hours	4.09	4.00	11.08	9.2	19.83	18.27
As a percentage of chief functional officers and above	33.30%	66.70%	31.58%	68.42%	28.21%	71.79%

*Statistics of 2023 came from major operation bases (in Taiwan and China).

(8) Health and safety

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

(9) Other CSR activities

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

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

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

Climate-Related Information of TWSE/TPEX Listed Company - 1 Implementation of Climate-Related Information

Item	Implementation status
1. Describe the oversight and governance of the board and management on climate-related risks and opportunities.	1. Please refer to Table (5)1 above
2. Describe how the identified climate-related risks and opportunities would affect the business, strategy, and finance of the entity (short, medium, and long-term).	2. Please refer to Table (5)2 above
3. Describe the financial impact of extreme weather events and transition activities.	3. Please refer to Table (5)2 above
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4. Please refer to Table (5)2 above
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, and analysis factors adopted as well as major financial impacts shall be described.	5. Not applicable
6. If there is a transition plan for managing climate-related risks, describe the plan details, and the indicators and targets used to identify and manage physical risks and transition risks.	6. Please refer to Table (5)3 above
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	7. Not applicable
8. If climate-related targets have been set, the activities covered, the scope of GHG emissions, the planning horizon, and the progress achieved each year shall be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or the quantity of RECs to be offset shall be specified.	8. Please refer to Table (5)3 above
9. GHG inventory and assurance status as well as reduction targets, strategy, and concrete action plans.	9. Please refer to Table (5)3 above



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

Evaluation Item	Yes	No
1. Establishment of ethical management policies and schemes		
(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?	✓	
(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”?	✓	
(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?	✓	
2. Implementation of ethical management		
(1) Has the Company reviewed the counterparty’s history of ethical conduct and included the compliance of business ethics as a clause in the contract?	✓	
(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?	✓	
(3) Has the Company established policies to prevent conflicts of interest, provided appropriate communication channels and thoroughly implemented the policies?	✓	
(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?	✓	
(5) Has the Company regularly held internal and external training sessions on ethical management?	✓	

Principles for TWSE/TPEX-Listed Companies” and Reasons

Implementation Status (Note 1)	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
Description	
<p>(1) The Company has established the “Principles of Business Ethics” in 2015, which explicitly requires the Board of Directors and the management to be committed to proactively implement the principles through actions.</p> <p>(2) Ethical behaviors have also been outlined as part of the Company’s human resource management policy, which all employees shall comply with. During annual employee assessments, managers would take into account employees’ ethical conducts. There are also consultation and reporting channels in place to handle all possible issues properly.</p> <p>(3) Ethical behaviors have also been outlined in the Company’s procurement and supply contracts. Business transactions shall be conducted accordingly and employees are prohibited from offering and accepting bribes in any commercial activity.</p>	<p>No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies</p>
<p>(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.</p> <p>(2) The Company has established a concurrently dedicated business ethics unit (the Global HR Center) under the Board. The unit submits written reports of its operation to the Board annually. To prevent conflicts of interest, proper complaint channels are introduced. The Company established “Principles of Business Ethics of Giant MFG. Co., Ltd.” in 2015 followed by “Guidelines on Ethical Behaviors of Giant Group” in 2017. Moreover, senior management would convey the importance of Giant’s values, i.e., integrity, partnership, passion and challenge, as well as ethics at monthly meetings.</p> <p>(3) The Company’s Rules of Procedure for the Board of Directors’ Meetings contains provisions on avoidance of conflicting interests. There are complaint channels available to report conflicts of interest when the incident arises.</p> <p>(4) The Company has established effective accounting and internal control systems to enforce business ethics and both systems operate smoothly at present. Based on the risk assessment outcome, internal auditors would develop risk-oriented annual audit plans, which are used for conducting management audits or unscheduled project audits on financial statement preparation process.</p> <p>(5) The Company organizes quarterly business consensus conferences and monthly as well as weekly meetings for senior management to communicate with employees on the brand value of “authenticity” and the corporate value of “integrity” through the use of appropriate cases when the occasion arises.</p> <p>In 2022, the internal and external training sessions on business ethics organized by Giant through quarterly business consensus conferences and monthly plus weekly meetings totaled 190,714 hours. 4 consensus conference elaborating the company culture and value were held by chairman, CEO, QA supervisors and the chief of internal audit. Junior supervisors participated the conferences and the total attendance of the year came to 751.</p>	<p>No material deviation is found in comparison with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies</p>

Evaluation Item	Yes	No
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?	✓	
(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?	✓	
(3) Has the Company established measures to protect whistleblowers from retaliation?	✓	

Implementation Status (Note 1)

Description

Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons

- (1) There are complaint channels and iCare mailbox(iCare@giant.com.tw) available at the corporate website to facilitate the reporting of misconducts. Information received such as the name, the job title of the whistle blower, the content of violation, unethical or dishonored behaviors as well as the proofs, are kept confidential and forwarded directly to Giant's senior management(Chief of HR in the group and General manager in subsidiary) . The incident would be further raised to the Chairman or independent director if director or Senior manager was involved.
- (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, an investigation team should be established. The investigation team must notify the involved parties within ten days to present the facts and submit the evidence to the general manager for handling.
 - 2.3 The Company handles all misconduct reporting with the utmost confidentiality, considering the content as classified information which shall be verified through independent channels. Identities of the whistleblowers shall be fully protected as confidential information..
 - 2.4 Safety of the whistleblower shall be secured, and cautions shall be paid special attention to according to confidentiality statement. 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.
 - 2.6 Acceptance of the case, investigating procedures and the results, as well as all supporting documents, shall be preserved according to protocols, at least to a firm judgement is given if the case is trial related.
- (3) Where the whistleblower is an employee, the Company ensures that the employee will not be retaliated against due to whistleblowing.

Evaluation Item	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? ✓		
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		



Implementation Status (Note 1)

Description

Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons

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



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

A. Declaration of Internal Control System

Giant Manufacturing Co., Ltd.
Declaration of Internal Control

Date: March 13, 2024

The following declaration had been made based on 2023 self-assessment of the Company's internal control:

1. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the board and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. Criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: (1.) Control environment; (2.) Risk evaluation and response; (3.) Procedural control; (4.) Information and communication; and (5.) Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.
4. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
5. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2023. 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 11 Directors present at the board meeting dated March 13, 2024.

Giant MFG. Co., Ltd.

Chairman: Bonnie Tu signature

CEO: Young Liu signature

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
2023.06.21	Shareholders meeting	<ul style="list-style-type: none"> Approval of the Company's financial statements for the year ended December 31, 2022 Approval of the Company's 2022 earnings distribution 	Voted and passed by all shareholders

Major resolutions passed in 2023 shareholders meeting and the execution progress

1. Approved the 2022 business report and financial statements.
2. Approved the 2022 earnings distribution.

Implementation status: The record date was set at September 2, 2023 and the payment date was set at September 20, 2023. Cash dividend is determined at NT\$7.8 per share

Major resolutions of 2023 Board meetings and implementation status:

Date	Major Resolutions	Outcome of Resolution
2023.01.20 3 rd special meeting of the 17 th term	1. Discussion on the company's investigating Stages Cycling, Inc. equity and convertible Bond	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors. Implementation: Suspension of the Company's investment in Stages Cycling, Inc.'s common stock equity and convertible bonds on May 10, 2023.
2023.02.23 4 th special meeting of the 17 th term	1. Proposal concerning the commitment of subsidiary D. Mag (Kunshan) New Material Technology Co., LTD., will make to get listed on the stock exchange in China.	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Excepts for those recuse themselves from conflict of interest, unanimous approval of all directors. Implementation: Implemented in accordance with the resolution
2023.03.10 10 th meeting of the 17 th term	<ol style="list-style-type: none"> 1. Acknowledgment of the outcome of 2022 internal control self-assessment 2. Distribution of 2022 remuneration to directors 3. Distribution of 2022 compensation to employees 4. Financial statements for the year ended December 31, 2022 of the Company 5. 2022 earnings distribution of the Company 6. Extension of credit lines from banks and bills finance institutions 7. The loan to subsidiary Giant Europe B.V 8. Discussion of methods, date, venue and agendas for the 2023 annual general meeting 9. Proposal concerning the issuance of Risk management Group Policy 	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: For the 6., unanimous approval of all directors and pay cash dividends in NTD \$7.8 For the rest, unanimous approval of all directors Implementation: Implemented in accordance with the resolution

Date	Major Resolutions	Outcome of Resolution
2023.05.10 11 th meeting of the 17 th term	1. Financial statements for the three months ended March 31, 2023 of the Company	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors
2023.08.04 12 th meeting of the 17 th term	1. Financial statements for the six months ended June 30, 2023 of the Company 2. Capital increase to Giant Manufacturing Hungary Ltd. 3. Loan increase to the subsidiary, Giant Europe B.V. 4. The Company's endorsement for MHC B long-term credit to Giant Manufacturing Hungary Ltd. 5. The acquisition of Land use right for the found of 2nd 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 directors Implementation: Implemented in accordance with the resolution
2023.11.10 13 th meeting of the 17 th term	1. 2024 internal audit plan 2. Financial statements for the nine months ended September 30, 2023 of the Company 3. Loans to the subsidiary, AIPS Technology Co., Ltd. (AIPS) 4. Loans to the subsidiary, Giant Europe Manufacturing B.V. 5. Independence assessments of the Company's CPAs and reviews on audit fee	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors Implementation: Implemented in accordance with the resolution
2023.12.15 14 th meeting of the 17 th term	1. 2024 business plans and objectives of the Group 2. 2024 financial budget of the Group 3. Loans to the subsidiary, Giant Europe Manufacturing B.V. 4. 10 commitments of subsidiary D. Mag (Kunshan) New Material Technology Co., LTD., will make to get listed on the stock exchange in China. 5. 2023 Year-end bonus distribution principle and the remuneration to managers	Attendance of independent directors: 3 Opinions of independent directors: None Actions taken concerning opinions of independent directors: None Resolution: Unanimous approval of all directors Implementation: Implemented in accordance with the resolution

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

(13) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, chief governance officer or head of R&D in the most recent year up till the publication date of this annual report: None.

5. Disclosure on audit fee

Name of accounting firm	Name of CPAs	Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche, Taiwan	Wu, Lie-Dong Su, Ting-Chien	2023	NT\$4,210 thousand	NT\$580 thousand	NT\$4,790 thousand	None

Note 1: Non-audit fees were mainly related to application and correction of Tax Incentives and audit on returns adopting the direct deduction method.

Note 2: If there is a change of CPA or accounting firm during the year, please specify the audit periods separately and state reasons for the change in the Remarks column.

(1) If the audit fees of the year in which the Company changes CPA firm is lower than that of the prior year, specify the amount of audit fee before and after, the fee reduction percentage, and the reasons: None.

(2) If the audit fee dropped year on year by more than 10%, specify the amount, percentage, and reasons for the education: None.

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 2023		Year-to-date as at March 30, 2024	
		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)	4,600,000	-	-	-
Director	LIU, YUON-CHAN (Young Liu)	-	-	-	-
Director	Kinabalu Holding Company	-	-	-	-
Director	LIU, CHIN-PIAO (King Liu)	885,780	-	-	-
Director	THO, TZU CHIEN	-	-	-	-
Director	CHIU, TA-PENG	(160,000)	-	(160,000)	-
Director	YANG, HUAI-CHING	-	-	-	-
Director	CHIU, TA-WEI	-	-	-	-
Head of Global Manufacturing Center	YEN, CHING-HSIN	-	-	-	-
Global head of R&D	CHANG, SHENG- CHANG	(114,828)	-	-	-
Chief Operating Officer of HPB Division	CHEN, GUEI-YAO	(60,199)	-	-	-
Global Chief of Finance	WANG, PI-YU	(8,000)	-	-	-
Head of Accounting	PAN, CHIAO-LI	(2,000)	-	-	-
Corporate Governance Officer	LIU, CHIA-CHIEH	-	-	-	-

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

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

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

9. Relationships among top-10 shareholders

(1) August 29, 2023 (Ex-Dividend Date)

Name (Note 1)	Shares held in own name		Shares held by spouse and underage children (Note 2)		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top-10 shareholders. (Note 3)	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Kinabalu Holding Company	18,238,183	4.65%	-	-	-	-	THO, TU HSIU-CHEN (Bonnie Tu)	Chairperson
Representative: THO, TU HSIU-CHEN (Bonnie Tu)	Please find as below column	-	-	-	-	-	-	-
HSBC in Its Capacity as Master Custodian for the Account of HSBC Corporation Limited (Note 4)	17,453,817	4.45%	-	-	-	-	-	-
LIU, YUON-CHAN (Young Liu)	16,296,026	4.16%	-	-	-	-	LIU, CHIN-PIAO (King Liu) LIU, SU-HUA	Father and Son Brother and Sister
CitiBank Taiwan Custodianship of the Singapore Government Investment Account (Note 4)	10,797,826	2.75%	-	-	-	-	-	-
Cathay Life Insurance Company, Ltd	9,413,571	2.40%	-	-	-	-	-	-
Representative: Ming-Ho, Hsiung	0	0	-	-	-	-	-	-
THO, TU HSIU-CHEN (Bonnie Tu)	8,406,668	2.14%	97,214	0.02%	-	-	Kinabalu Holding Co.Ltd.	Chairperson
Chunghwa Post Co., Ltd.	8,265,223	2.11%	-	-	-	-	-	-
Representative: HONG-MO, WU	0	0	-	-	-	-	-	-
LIU, CHIN-PIAO (King Liu)	7,738,278	1.97%	-	-	-	-	LIU, YUON-CHAN (Young Liu) LIU, SU-HUA	Father and Son Father and Daughter
LIU, SU-HUA	7,051,777	1.80%	207,000	0.05%	-	-	LIU, CHIN-PIAO (King Liu) LIU, YUON-CHAN (Young Liu)	Father and Daughter Brother and Sister

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
Fubon Life Insurance Co., Ltd.	7,013,236	1.79%	-	-	-	-	-	-
Representative: Howard Lin	0	0	-	-	-	-	-	-

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.

Note 4: The custodial account cannot obtain the representative's information.

10. Aggregate shareholding percentage in long-term investments

December 31, 2023

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	20%	-	-	8,886,000	20%
YouBike Co., Ltd.	84,800,000	100%	-	-	84,800,000	100%
AIPS Technology Co., Ltd.	50,000,000	100%	-	-	50,000,000	100%
Giant Vietnam Manufacturing Company Limited	-	100%	-	-	-	100%
GIANT SEA BICYCLE COMPANY LIMITED	-	100%	-	-	-	100%

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

Four. Funding Status



1. Capital and outstanding shares

(1) Source of capital

A. Share categories

March 30, 2024 Unit: shares

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

B. Changes in share capital

Unit: NTD, shares

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Composition of Shareholders:

August 29, 2023 (Ex-dividend Date)						
Type of Shareholders	Government agencies	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Number of Shareholders	3	37	113	19,362	626	20,141
Shareholding	2,046,604	38,837,559	42,242,569	132,192,859	176,745,035	392,064,626
Holding (%)	0.52%	9.91%	10.77%	33.72%	45.08%	100.00%

(3) Diversity of ownership

Common shares

August 29, 2023 (Ex-dividend Date)				
Shareholder Ownership (Unit: Share)		Number of shareholders	No. of shares held	Shareholding percentage
1 to	999	10,878	1,855,576	0.47%
1,000 to	5,000	7,609	13,300,820	3.39%
5,001 to	10,000	626	4,581,940	1.18%
10,001 to	15,000	211	2,624,460	0.67%
15,001 to	20,000	137	2,424,972	0.62%
20,001 to	30,000	126	3,172,812	0.81%
30,001 to	40,000	82	2,872,457	0.73%
40,001 to	50,000	51	2,313,442	0.59%
50,001 to	100,000	111	7,850,763	2.00%
100,001 to	200,000	93	13,674,946	3.49%
200,001 to	400,000	69	18,755,796	4.78%
400,001 to	600,000	36	17,924,845	4.57%
600,001 to	800,000	23	15,898,901	4.06%
800,001 to	1,000,000	11	9,897,208	2.52%
1,000,001 and above		78	274,915,688	70.12%
Total		20,141	392,064,626	100.00%

Preferred shares: none.

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

August 29, 2023 (Ex-dividend Date)		
Name of major shareholder	No. of shares held	Ownership (%)
Kinabalu Holding Company	18,238,183	4.65%
HSBC in Its Capacity as Master Custodian for the Account of HSBC Corporation Limited	17,453,817	4.45%
LIU, YUON-CHAN (Young Liu)	16,296,026	4.16%
CitiBank Taiwan Custodianship of the Singapore Government Investment Account	10,797,826	2.75%
Cathay Life Insurance Company, Ltd.	9,413,571	2.40%
THO, TU HSIU-CHEN (Bonnie Tu)	8,406,668	2.14%
Chunghwa Post Co., Ltd.	8,265,223	2.11%
LIU, CHIN-PIAO (King Liu)	7,738,278	1.97%
LIU, SU-HUA	7,051,777	1.80%
FUBON LIFE INSURANCE CO.,LIMITED.-TWOTC-FFI	7,013,236	1.79%

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

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

Item		Unit: NTD			
		Year	2022	2023 (Note 1)	Year-to-date March 30, 2024
Market price per share	High		347.5	241.5	229.5
	Low		200.5	160	166.5
	Average		249.71	195.51	195.26
Net worth per share	Before dividend		85.08	85.91	-
	After dividend		77.28	80.91	-
Earnings per share	Weighted average outstanding shares		376,834,489	392,064,626	-
	Earnings per share		15.51	8.68	-
Dividends per share	Cash dividends		7.8	5	-
	Stock dividends	Retained earnings	-	-	-
		Paid in capital	-	-	-
	Cumulative unpaid dividends		-	-	-
Analysis of investment returns	P/E ratio (Note 2)		16.10	22.52	-
	Price to dividend ratio (Note 3)		32.01	39.10	-
	Cash dividend yield (Note 4)		3.12%	2.56%	-

Note 1: 2023 dividends will be paid after the 2024 annual general meeting.

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

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

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

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

(6) Dividend policy and execution

A. The Company's dividend policy:

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

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

B. Dividends proposed for the upcoming shareholder meeting:

The board of directors has proposed to pay cash dividends at NT\$5 per share for the 2023 earnings distribution.

C. Expected change in dividend policy: None

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

(8) Employee/director/supervisor remuneration:

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

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

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

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

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

* Employee remuneration was determined at 7% and director remuneration at 2% of distributable earnings. The amounts resolved by the board were indifferent from the amounts estimated in the latest financial statements.

C. Employee remuneration approved by the board of directors:

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

* Cash payment of employee remuneration amounted to NT\$322,534,167, which is indifferent from the amount previously recognized as expense in the year occurred.

* Payment of director remuneration amounted to NT\$92,067,267, which is indifferent from the amount previously recognized as expense in the year occurred.

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

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

* The board of directors and shareholders meeting previously resolved to pay cash remuneration totaling NT\$538,258,062 for employees and NT\$152,365,530 for directors out of the Company's 2022 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:

(1) Issuance of Corporate Bond

Types of corporate bonds	The first domestic unsecured convertible bonds (code:99211)
Issuing Date	June 13, 2022
Face value	NT\$100,000
Issue and trading place	Taipei Exchange
Issue price	100.5% of par value
Issue amount	NT\$4,000,000,000
Interest rate	0%
Term	5 years. Issued on June 13, 2022 with the maturity date on June 13, 2027
Guarantee agency	Not applicable
Trustee	KGI Bank
Underwriting agency	KGI Securities Co., Ltd.
Legal Counsel	Handsome Attorneys-at-Law/Chiu, Ya-Wen, Attorney-at-Lawyer
Auditor	Deloitte & Touche, Taiwan CPA: Su, Ting-Chien ; Wu, Lie-Dong
Repayment method	Repaid in cash at face value upon maturity
Outstanding principal	NT\$4,000,000,000
Terms of Redemption or advance settlement	<p>(I) From the following day after this convertible bond is issued for three full month (September 14, 2022) to 40 days before its maturity (May 4, 2027), if the closing price of common shares exceeds 30% (inclusive) of the conversion price for 30 consecutive business days, the Company may send a "bond recall notice" with a one-month deadline (the period is calculated starting on the date the notice is mailed, and the deadline is the bond recall record date; the period may not be the cessation of conversion period) via registered mail to bondholders (based on the list of bondholders five business days before the bond recall notice is mailed, an announcement will be made for other investors who obtain this bond through trading or other methods afterwards) within 30 business days. The redemption price is the face value of the bond, redeemed in cash. The Company will send a request to Taipei Exchange to make an announcement. When executing the recall request, the Company shall recall the convertible bond from the holder at face value in cash within 5 days after the bond recall record date.</p> <p>(II) From the following day after this convertible bond is issued for three full months (September 14, 2022) to 40 days before its maturity (May 4, 2027), if the outstanding balance of convertible bonds is less than 10% of the total amount issued, the Company may send a "bond recall notice" with a one-month deadline (the period is calculated starting on the date the notice is mailed, and the deadline is the bond recall record date) via registered mail to bondholders (based on the list of creditors five business days before the bond recall notice is mailed, an announcement will be made for other investors who obtain this bond through trading or other methods afterwards). The redemption price is the face value of the bond, redeemed in cash. The Company will send a request to Taipei Exchange to make an announcement and exercise its redemption right. When executing the recall request, the Company shall recall this convertible bond from the holder at face value in cash within 5 days after the bond recall record date.</p> <p>(III) If the bondholder fails to reply in writing to the Company's stock affairs agency before the bond recall benchmark date stated in the "bond recall notice" (it will be effective when delivered, based on the postmark date as proof if it is mailed). The Company will, within 5 business days after the bond recall benchmark date, redeem the bonds at the face value in cash.</p> <p>(IV) The business day following the benchmark date for the recall of the convertible bonds is the OTC termination date for the convertible bonds. The deadline for bondholders to request conversion is the second business day after the OTC termination date.</p>
Restrictions	None.
Credit rating agency name, rating date, corporate bond rating results	None.

	Amount of converted (exchanged or subscribed) ordinary shares, overseas depository receipts or other securities as of the publication date of the annual report	None.
Other right attached	Issuance and conversion (exchange or subscription) method	Please refer to the issuance and conversion methods.
Issuance and conversion, exchange or subscription methods, issuance conditions on possible dilution of equity and impact on existing shareholders' rights and interests	The convertible bonds interest rate is 0%, allowing the Company to obtain low-cost capitals. Additionally, the conversion price is issued at a premium based on the market price of common stock, so there should be no negative impact on shareholders' equity.	
The name of the entrusted custodian of the exchange target	Not applicable	

(2) Conversion of corporate bond information

Types of corporate bonds		The first domestic unsecured conversion of corporate bonds (code:99211)		
Item	Year	2022	2023	Year-to-date March 30,2024
	Convert the market price of corporate bonds	Highest	105.80	106.70
Lowest		95.20	95.20	102.55
Average		101.70	101.49	105.00
Conversion price		275.90	266.00	266.00
Issue (processing) date and Conversion price at the time of issue		Issued date : June 13, 2022 Conversion price at the time of issuance: NT\$ 290.7		
Fulfillment of conversion obligations		Issuance of new shares		

3. Disclosure relating to preferred shares: None.

4. Disclosure relating to global depository receipts: None.

5. Employee stock options: None.

6. Employee restricted shares: None.

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

8. Progress on planned use of capital: None.



Five. Operational Overview

1. Operations

(1) Scope of business

1. The Company's business activities include:

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

2. Weight of business activities:

Unit: NTD thousands

Product	Net sales	Weight
Bikes	69,335,209	90.10%
Materials	4,980,590	6.47%
Others	2,637,747	3.43%
Total	76,953,546	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: Outlook for Brands and Products

(1) GIANT

a. Cyclist/Team Sponsorship/Olympics

For sponsorship, Giant continues to support Team Jayco AlUla for road bikes, Giant Factory Off Road Team for mountain bikes and the world's top athletes for gravel bikes and triathlon, championing them to shine on the world stage in different fields and promoting the Giant brand and its related products. On top of exposures at races, the teams and athletes also assist in product development and testing to develop world-class competitive products.

For the Paris 2024 Olympic Games, Giant will provide top-notch products to support athletes participating in the Games, as well as framesets painted with designs specifically for the Paris Olympics. We look forward to seeing athletes achieve great results.

b. Bicycles

In 2024, Giant will continue to focus on race bikes. We schedule to unveil the lightest, stiffest and most aerodynamic TCR models at the Taipei Cycle in March, which is surely going to create a sensation in the global cycling community. From performance-level road bikes, the emerging gravel-specific bikes to professional mountain bikes, Giant has new products in all segments which will soon be released into the market. We combine the next-level cycling science with more advanced carbon fiber technology while running trials on the most demanding race courses to persistently optimize every technical and competitive aspect of the game. Meanwhile, we introduce more premium own-brand components to build comprehensive riding systems with ultimate performance, and extract cycling features suitable for the general public to enhance cycling experience.

c. E-Bikes

E-bike has been all the rage in recent years. In order to expand brand advantage and market share, the grand launch of the flagship model Defy E+ will take place this year. It will be the Group's first high-end lightweight, carbon composite road bike, which is guaranteed to create a stir in the market and push our sales further up. Also, the Group is set to expand the sales of its in-house RideControl system this year to demonstrate that our strength does not stop at e-bike developments, but extends to cover the complement RideControl system. We also identify human-machine interface and cycling safety as our focuses this year, aiming to bring consumers a smart experience which integrates cyclist, bike, system and the environment.

d. Bike Gears

In response to the global trend of environmental protection, the Giant Group commits resources to discover environmental materials suitable for bike and rider gears. We team up with local fishing net recycling companies and use plastic pellets from discarded fishing nets to produce the new AIRWAY series of water bottle cages, transforming recycled fishing nets into durable bicycle bottle cages with guaranteed quality while keeping the ocean clean. AGOS eyewear is made of recycled carbon fiber and bio-based PA11. Its carbon fiber frames not only enhance rigidity and durability, but also improve the quality of use. Furthermore, we incorporate the IOT concept into the new Recon+ light series. The mini radar added to the taillight can detect cars approaching from behind and display alerts on the computer screen, making night riding safer and more secure.

(2) Liv

a. Bicycles

In preparation for the Paris 2024 Olympic Games, Liv focuses on the needs of the racing market, in particular the road bikes, XC mountain bikes and triathlon. It continues to work with top athletes to test and develop brand-new products.

b. E-Bikes

In terms of e-bike, Liv will continue to cater to women's needs with a series of lightweight e-bikes - Avail E+ (on-road), Tempt E+ (off-road), and Allure E+ (city) - to attract the non-cycling female consumers and fulfill the brand's vision of More Women On Bikes.

c. Bike Gears

Liv continues to improve the quality and diversity of women's apparels. For jerseys and shorts, the Vantage series offers long and short-sleeved jerseys in a variety of colors as well as the corresponding series of bibs with rear clips and socks. Allowing for versatile mix-and-match kit combinations, female cyclists are free to display their fashion attitudes, regardless of whether outfits are in the same color family or with clashing colors. As for helmets, Liv releases the brand-new performance-level road bike helmet Liv Rev Elite this year. In addition to Mips, the product offers excellent ventilation and more room for adjustment to better fit the shape of the head. Moreover, the sub-PC shell design and EPS foam are made of recycled materials for the concept of environmental sustainability.

(3) Momentum

Momentum plans to release its first lightweight cargo e-bikes Kompakt E+ in Germany this year. The model features small size with big functions. Being lightweight and nimble, it is a perfect solution for medium and short-distance travel in cities. Moreover, the bike is compact for easy storage and can fit into a campervan for short-distance recreational cycling. Kompakt E+ allows diverse possibilities for cargo transport, whether it is for taking children to school, shopping or travelling to the countryside. Kompakt E+ 1 comes with high specs including Enviolo automatic transmission, Abus ring lock, and a dropper seatpost for an easy and comfortable riding experience.

(4) CADEX

Cyclist/Team Sponsorship

For sponsorship, Giant continues to support Team Jayco AlUla and Liv AlUla Jayco for road bikes and the world's top athletes for gravel bikes and triathlon, championing them to shine on the world stage in different fields and at the same time promoting the CADEX brand and its related products. On top of exposures at races, the teams and athletes also assist in product development and testing to develop world-class competitive products. For the Paris 2024 Olympic Games, CADEX will provide top notch products to fully support Olympics athletes, such as the Tokyo 2020 Olympics Gold Medalist Kristian Blummenfelt and the 2023 ITU Triathlon World Champion Beth Potter, and continue to enhance brand image.

(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 cycling industry has been deeply impacted by inventory in the European and American markets this year, low and middle-end bicycles and E-bikes have a relatively large decline. Due to changes in the economic environment and green awareness, Taiwan's exports volume of high-end bicycles are relatively stable and sales in China are booming. Average unit price for export has also raised steadily, proving Taiwan's leading position in high-end bicycles.

Upstream, midstream and downstream connections of the bicycle industry

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

(3) Technological research and development

1. R&D expenses in the most recent fiscal year up to the publication date of this annual report: NT\$1,455,205 thousand in 2023
2. Technologies or products successfully developed: Brand and product review

(1) GIANT

a. Bicycles

In 2023, the GIANT brand took another big step forward in the premium road bike segment with the launch of brand-new DEFY endurance road bike, which was a big success in the global market. With precise positioning and cutting-edge carbon fiber technology, the ultra-light DEFY gained the biggest market volume of its class since its launch. With frames weight less than 850g and the bike weights under 7kg, DEFY is one of the lightest endurance bikes among peers. Equipped with improved D-Fuse components to further absorb shocks and vibrations, 32mm tubeless tires and CADEX 36 wheels, DEFY allows cyclists to take on long-distance rides with ease.



Reengineered from the ground up, Giant’s groundbreaking GLORY downhill mountain bike returned with glory in 2023, accompanying Luke Meier-Smith to win the Enduro World Cup Champion in the same year. After seven years of innovation, the new GLORY revamps Giant’s leading-edge MAESTRO linkage system to offer smoother, softer, and nimbler ride, reinforcing the confidence of top mountain bikers as they take on all sorts of trails.

Giant values kids’ bikes and has developed the new Talon 20/24 model to foster the cycling culture from an early age. Talon features stable rides and an easy-to-manuever setup, making steering and cornering easy with kids’ hands. The lower top tube and shorter seat tube are crafted to suit a broad range of heights, extending the useful years of the bike and allowing Talon to stay with little riders for a longer period. The new Talon 20/24 is a preview of Giant’s commitment to the cycling culture of the next generation by utilizing its profound knowledge in cycling science to create kid-specific bike.

b. E-Bikes

Giant demonstrates its innovation in e-bike yet again through the Trance X Advanced E+ Elite. The model is the Group's first lightweight, carbon composite e-mountain bike with full suspension, and the only one in the industry using the 22700 cells. The battery is smaller but capable of supporting the high torque of e-bikes. The model is also the one and only lightweight e-bike which delivers full fat torque outputs, i.e., 85Nm, in a lightweight

package. Furthermore, cyclists can adjust acceleration, torque and power output through the exclusive RideControl App, offering a higher level of customization and intelligence. Unlike lightweight e-mountain bikes that target high-end customers, Giant also launches Stance E+ this year. The model is equipped with 800Wh battery, giving an average range of 140km and a maximum of 250km for a single battery charge. Such outstanding performance in travel range has boosted its sales.



(2) Liv

a. Bicycles

Liv is deeply aware of the market trends of the modern road bikes, and introduces the all-new Avail Advanced. Avail is Liv's first performance road bike designed and built exclusively for women. Proven by countless female athletes and riders since 2008, Liv unveils the fifth-generation Avail Advanced this year, featuring D-Fuse handlebars and seatposts on top of a breakthrough in weight, providing riders with the comfort and maximum control they need for long-distance rides.



b. E-Bikes

As for e-bikes, Liv rolled out Intrigue X Advanced E+ Elite, the world's first female lightweight carbon composite e-mountain bike with full suspension, this year. Its lightweight, superb performance and exquisite multi-layer coating won the favor of female cycling journalists from the U.S., Canada, the U.K., France and Australia. Bicycling Magazine named the new Intrigue X Advanced E+ Elite in the Best Bike Awards of 2023!



(3) Momentum

In 2023, Momentum launched Cito E+, the Group's first e-bike with throttle handlebar. The Cito E+ comes with two types of power and speed assistances to meet riders' needs, including throttle-assisted and pedal-only modes. In throttle-assisted Eco mode, Cito E+ can go for up to 72 kilometers, the furthest range available in the market at present. In addition, Cito E+ has an impressive max payload capacity of 185 kilograms, the highest among Momentum cargo e-bikes. To enhance on-road safety, Cito E+ has been equipped with standard safety features including brake-activated taillight, turn signals, auto brake, and E-horn. In addition, we offer a wide range of exclusive accessories so that consumers can choose the right ones for their life styles. Cito E+ was launched in the U.S. in November 2023 and successfully generated a lot of talks and positive feedback at the early stage. The second-round of advertising campaigns is scheduled to be released in spring 2024.



(4) CADEX



a. TRI framesets:

Launched in 2022, the CADEX Tri frameset made a splash in the triathlon world! It helped Kristian Blummenfelt to not only win numerous gold medals in triathlons, but also quickly rise to be the number one athlete in PTO rankings and stay a world record holder. Furthermore, in 2023, the CADEX Tri frameset won a prestigious gold award in the TAIPEI CYCLE d&i awards, a silver award in the Taiwan Excellence Award, as well as being selected as a winner of the iF DESIGN AWARD 2024! Besides highlighting the excellence of CADEX Tri frameset in product design, these awards are testaments to its unrivaled brand strength.

b. Wheelsets:

With the release of CADEX Tri frameset, we rolled out compatible CADEX Aero Disc Wheelssystem and CADEX Aero 4-Spoke Disc Wheelssystem, which not only enhanced the performance of the entire bike, but also helped Kristian Blummenfelt to win numerous

gold medals in triathlon races. The highly anticipated CADEX 50 Ultra Disc Wheel system was also launched on schedule. The product received positive coverage and product reviews in numerous international cycling media as well as praises from consumers.

c. Saddles:

2023 also witnessed the grand launch of CADEX Amp saddle, another masterpiece after the CADEX Boost saddle. The product received positive reviews in numerous international cycling media. It is not only extremely lightweight, but also meets the needs of most cyclists, both men and women.

(4) Long and short-term business plans

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

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

2. Market and sales overview

(1) Market analysis

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

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

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

1. Locations where products are mainly sold:

Unit: NTD thousands, thousand units

Location	Sales volume	Sales value	Sales value as a percentage to total
America	322	11,730,285	15.24%
Europe	597	25,880,912	33.63%
Asia	2,525	28,802,022	37.43%
Taiwan	83	4,262,057	5.54%
Others	381	6,278,270	8.16%
Total	3,908	76,953,546	100.00%

2. Market share:

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

3. Future market supply, demand and growth:

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

4. Competitive advantage:

(1) Product advantage

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

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

(2) Production advantage

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

(3) Marketing advantage

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

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

(4) Service advantage

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

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

(5) Competitive advantage from covering the entire value chain

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

5. Future opportunities, threats, and responsive strategies:

(1) Opportunities

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

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

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

Countermeasures:

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

b. Uprise of health awareness worldwide benefits product sale

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

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

Countermeasures:

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

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

Bicycle is a comprehensive industry. There is still enormous potential for innovative and high value-adding products to complete the peripheral industries in Taiwan. Moreover, Taiwan has long been a major exporting country in the world with strong global competitiveness in terms of assembled bikes and parts. Tying in these factors with Taiwanese companies’ presence in the cycling industry of 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 premium 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 advantages of Taiwan and integrate the G-Star Team and satellite systems assembled by suppliers to fully realize the competitive advantages of the industry. We stay committed to develop innovative and high value-added products while maximizing our production and marketing capacities. The Giant Group and key leaders in the cycling industry jointly propose ESG initiatives for the industry and found the BAS, an exclusive platform for the industry chain. Together, we commit to completing GHG inventory within two years and achieving annual carbon reduction of 3%, with the reduction target of 25% or 40 kilograms per bicycle by 2030. We have successfully brought the member companies to take a step forward and aligned the cycling industry chain with the trends. By realizing carbon reduction targets in product design and production for the industry's low carbon transition, we can drive upstream companies in the supply chain to take ESG actions.

(2) Threats

a. Intensifying competition in the cycling market

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

Countermeasures:

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

b. Trade barriers around the world

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

Countermeasures:

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

(2) Main product applications and production processes

1. The Company manufactures bikes for recreational, sporting and commuting uses.
2. Below is a description of the production process:

Summarized production process for Giant bikes: Tube 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	Stable
Transmission systems and others	Front and back derailleur, shifter, shifter cable, spur gear, chain, freewheel, pedal, etc.	Domestic and foreign suppliers	Stable
E-systems	Motor, batteries, panel/display, controller	Domestic and foreign suppliers	Stable

(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	2022				2023			
	Name (Note 1)	Amount	% of annual net purchases [%]	Relationship	Name (Note 1)	Amount	% of annual net purchases [%]	Relationship
1	G2955	9,173,833	9.80	Non-related	G2955	5,278,516	9.08	Non-related
	Others	84,410,727	90.20		Others	52,868,972	90.92	
	Net purchase	93,584,560	100.00		Net purchase	58,147,488	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	2022				2023			
	Name (Note 1)	Amount	% of annual net sales [%]	Relationship	Name (Note 1)	Amount	% of annual net sales [%]	Relationship
1	G3001	16,991,606	18.46	Non-related	G3001	9,003,201	11.70	Non-related
2	G3002	15,293,214	16.62	Non-related	G3002	10,975,645	14.26	Non-related
	Others	59,758,855	64.92		Others	56,974,700	74.04	
	Net sales	92,043,675	100.00		Net sales	76,953,546	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: Due to the decline in orders in the EU and US markets, sales from main customers decreased.

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	2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Bikes		6,203	5,843	75,133,572	5,517	4,198	65,292,161
Materials		-	-	6,344,896	-	-	4,980,590
Total		6,203	5,843	81,478,468	5,517	4,198	70,272,751

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 quantities and value of bikes include bikes and frames.

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

Unit: NTD thousands; thousand units

Main products	Year	2022				2023			
		Domestic sale		Export sale		Domestic sale		Export sale	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Bikes		103	1,955,903	4,814	81,752,961	83	1,739,435	3,825	67,595,774
Materials		-	-	-	6,344,896	-	-	-	4,980,590
Others		-	1,812,861	-	177,054	-	2,522,622	-	115,125
Total		103	3,768,764	4,814	88,274,911	83	4,262,057	3,825	72,691,489

3. Employees:

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

	Year	2022	2023	Year-to-date January 31,2024
Employee count	Managers	247	239	247
	Staff	3,205	3,065	3,433
	Workers	10,214	8,111	7,683
	Total	13,666	11,415	11,363
Average age		35.72	38.31	38.14
Average years of service		6.23	7.57	7.55
Academic background (%)	Doctoral Degree	0.02	0.05	0.05
	Master' s Degree	1.93	2.71	2.74
	Bachelor' s Degree	16.73	27.23	28.17
	Senior High School	39.22	39.31	38.97
	Below senior high school	42.09	30.71	30.08

4. Expenditure related to environmental protection:

(1) There were no significant fines for major breaches of regulations in 2023 and up to the publication date of this annual report.

(2) Countermeasures and possible expenses:

1. The Company places great importance on increasingly significant environmental 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 (ESH) improvement measures taken by the Company are as follows:

(1) Strengthen employees' ESH education and awareness:

Relevant activities were improved pursuant to the principles of OSH management systems (ISO 45001/TOSHMS/CNS 45001). For safety and health education in Taiwan, 30,366 employees participated in safety awareness promotions for a total of 10,424 training hours in 2023. ESH education and training start at the newcomer orientation where occupational safety personnel deliver general knowledge before tests are given. Operation of equipment is taught by the unit supervisor or designated personnel, followed by oral examinations and hands-on practices to verify the validity of the training. Direct personnels are arranged to take education and training with competency evaluations. Only when they have obtained relevant qualification certificates can they start working on the production line.

(2) OSH 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. There are also the ISO 50001 Energy Management certification and the ISO 14067 Carbon Footprint of Products certification. Giant (Kunshan) Co., Ltd. won the 2022 Green Development Award of the Kunshan Economic & Technical Development Zone.

(3) 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. The Group's OSH management system is regularly maintained by the labor safety/environmental safety/general affairs units. In order to maintain and enhance system effectiveness, the Group adopts PDCA approach and practices, including annual revisions for document adequacy, compliance audits, education and training, operating environment monitoring, health management, hazard identification, and internal audits, to ensure that risks are within a tolerable level and to reduce the occupational incident rate.

(4) 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.

Since 2021, the Group has followed the GHG Protocol and the GHG emission requirements at the organization level (ISO14064-1:2018) to establish a comprehensive GHG inventory list for our global manufacturing bases. At present, the GHG inventory results of six of our operation bases in Taiwan (the Rinan Factory of the Giant Manufacturing Co., Ltd. (GTM), Giant Group Headquarters (INC), Youth Logistics Center (YS), AIPS Technology Co., Ltd. (AIPS), YouBike Co., Ltd. (Youbike) and Giant Taiwan Sales Company (GTS)), together with five operation bases in China (Giant (China) Co., Ltd., Giant (Kunshan) Co., Ltd., Giant (Tianjin) Co., Ltd., Giant Electric Vehicle (Kunshan) Co., Ltd. and Giant (Chengdu) Co., Ltd.) have been verified by a third party.

We are committed to industry-leading low-carbon materials and processes, and work together to create low-carbon competitiveness in the supply chain:

Circular supplies and regeneration - We change product designs to emphasize circularity and carbon reduction technologies. We source biodegradable and recyclable materials and reduce plastic and petrochemical products to create a game-changing impact.

Green production - We re-engineer our production process and methodology, and carry out energy control measures throughout the production process to effectively reduce carbon emissions. In addition, we use energy-efficient facilities to achieve optimal production efficiency.

Responsible procurement - We team up with our supply chain partners to create the BAS, a supply chain alliance for sustainability issues, and set enforceable standards for carbon reduction and our overall carbon footprint.

(5) Implement various energy conservation policies for the environmental protection and carbon reduction policies:

In order to mitigate the impact of energy consumption on global warming, the Giant Group has formulated GHG reduction programs targeting emissions from electricity, natural gas, and steam. According to the programs, we save energy through practices such as process optimization, facilities replacement/technological transformation/upgrade, behavioral management, energy transformation and illumination, thereby achieving the goal of GHG reduction. Energy saving measures adopted in 2023 are as follows:

- a. RTOs for exhaust air treatment to save compressed air, forced air supply and blowing to improve indoor circulation, pneumatic press enhancement to save energy, laser welding for chain stay parts, upgrade of the mouth and top cap of billet furnaces, improvement on the heating method for punching, heat recovery from air compressors, and interlock control on air-pressure equipment.
 - b. Power-saving of hydraulic servo motor, permanent magnet inverter air compressor with high efficiency, energy efficiency improvement of blower with inverter, installation of check valve on coated air ducts, RTO with inverter for exhaust air treatment, replacement of milling and punching equipment with laser cutters, energy-saving of press machine for precise logo engraving, natural gas-saving of coating ovens, replacement of air suspension blower in blowers, modification of servo for annular processing line, adoption of T4 air-cooled chillers, replacement of motor for polishing, and installation of energy-saving dissolved air flotation (DAF) for sewage treatment station.
 - c. Change of utility street lights to solar street lights, energy efficiency improvement of factory lighting, installation of light sensors in office pantries and freight elevators, introduction of solar power generation facilities, energy management platform, power saver mode for computer screens, paper waste reduction in the office, cards for using toilet paper, light-off during the one-hour lunch break, return temperature increase of chilled water mainframe during non-summer months, promotion of Sustainable 22 initiatives and the 3Rs concept, formulation of corresponding incentive schemes, and cycling to work.
- (6) Plans for utilizing renewable energy (or green energy)

The Group is committed to reducing its energy consumption and carbon footprint. The factories mainly use electricity and steam with fuels including natural gas, diesel and a small amount of liquefied petroleum gas (LPG). In accordance with ISO14064-1:2018, Giant has built its own solar power systems in four of its factories since 2021. The systems were constructed in three more factories during 2023 for a total of seven factories, generating 18,584,039 kWh of electricity. Green power accounted for 11.7% of the Group's total electricity consumption, an increase of 60% compared to the previous year. In 2023, our Rinan Factory in Taiwan applied for and received six Taiwan Renewable Energy Certifications (T-RECs), which, together with interlock control on air-pressure equipment, allow us to carry out energy-saving green production.

(7) Use of eco-friendly packaging materials:

We adopt 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 from packaging.

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

(8) Reduce environmental pollution and enhance industrial waste reduction and reuse resource/energy:

We sort and collect solid waste, advance anodic oxidation technique, innovate filtering process for tube lubricants, collect recycled aluminum alloy, enhance water efficiency of sanitary sinks and flushing toilets, and improve water refill and saving in powder coating booths.

In response to increasing pollution control regulations, we continue to operate with the objectives of sustainability and fulfillment of corporate social responsibility through process improvement and recycling of materials and resources. We actively implement resource recycling from the source to significantly cut down waste generated and increase the volume of resources recycled, thereby achieving the goal of waste reduction. In the past three years, the Group's percentage of general waste recycled has continued to climb, and the amount of hazardous waste incinerated has dropped significantly compared to the previous year.

(9) Regular environmental assessments and monitoring:

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

5. Labor-management relations:

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

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

- Labor rights:

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

- Diversity, inclusion and equal opportunities:

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

- Employee benefits:

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

- Healthy and safe workplace:

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

- Strengthen labor-management communications:

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

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

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

1. Measures to protect employees' rights

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

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

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

3. Employee relations:

- The Company organizes annual Family Day events to promote harmonic relationship within families.
- A broad variety of domestic and overseas trips are being organized to facilitate interactions among employees and as a form of stress relief.
- In recognition of employees' long-term contribution, the Company 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. Salaries and benefits

- Profit sharing and employee bonus: The Company has drawn up profit-sharing rules which reflect business performance and build the foundation for mutual trust to promote employee participation.
- The Articles of Incorporation state that 6 to 12 % of the Company's annual profits, if any, shall be appropriated as employee compensation. In 2023, employee compensation was accrued at 7% with an amount of NT\$322,534,167 to be distributed in cash.
- Differential compensation: Reward employees with competence and contributions.
- A broad range of subsidies: Subsidies for weddings, funerals, celebrations, childbirth, illness or injury, major festivals, birthday, reference book, club activities, and childcare as well as scholarship for children of employees.
- Employee discounts on Company products and subsidies for cycling tours.
- Special discounts at contracted shops.
- Free visits to the Cycling Culture Museum with employee badges.

5. Day-to-day care:

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

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

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

- Education subsidies: The Company provides education subsidies to help employees develop relevant expertise and competence.

7. Retirement policy:

The Group's retirement policies have been developed in compliance with laws and regulations in the place of operation. Employees located within the Republic of China are subject to the retirement policy established in accordance with the Labor Standards Act, where monthly contributions are made to the pension fund held under the name of the Labor Pension Fund Supervisory Committee. From July 1, 2005 onwards, the Company adopted the "Labor Pension Act" and implemented the following rules:

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

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

8. Concluding of Collective Agreement:

Although our company has established a corporate union, it has not yet signed a Collective Agreement because the union has not requested to negotiate a Collective Agreement.

- (2) Loss incurred due to industrial disputes in 2023 and up to the publication date of this annual report: No industrial disputes incurred in significant.

6. Information security management:

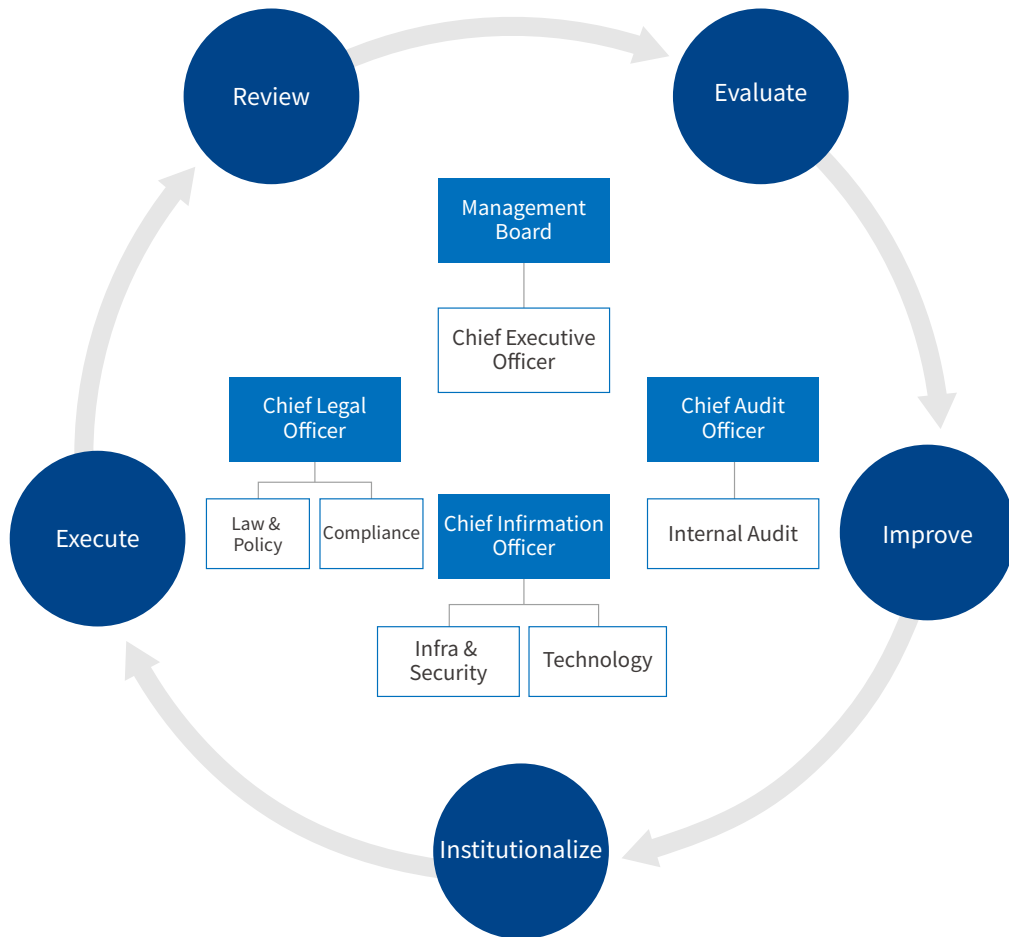
- (1) Describe the risk management framework, policy, management plans and resources allocated concerning information security:

1. Information security management framework

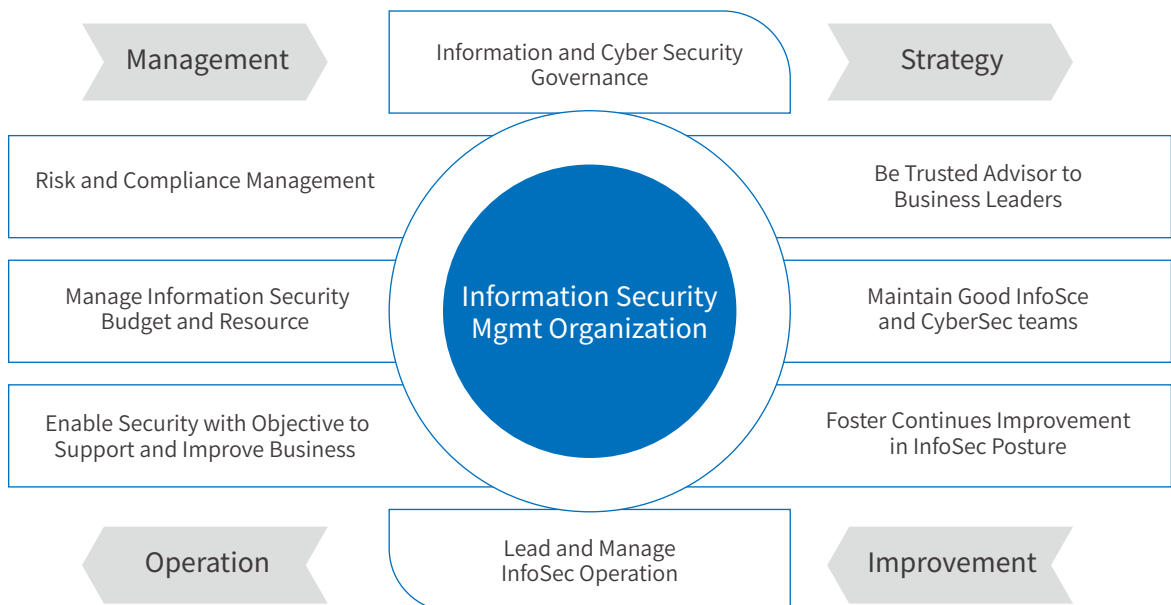
Operation model: Adopt PDCA cycle to ensure achievement of reliability objectives and continuous improvement

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

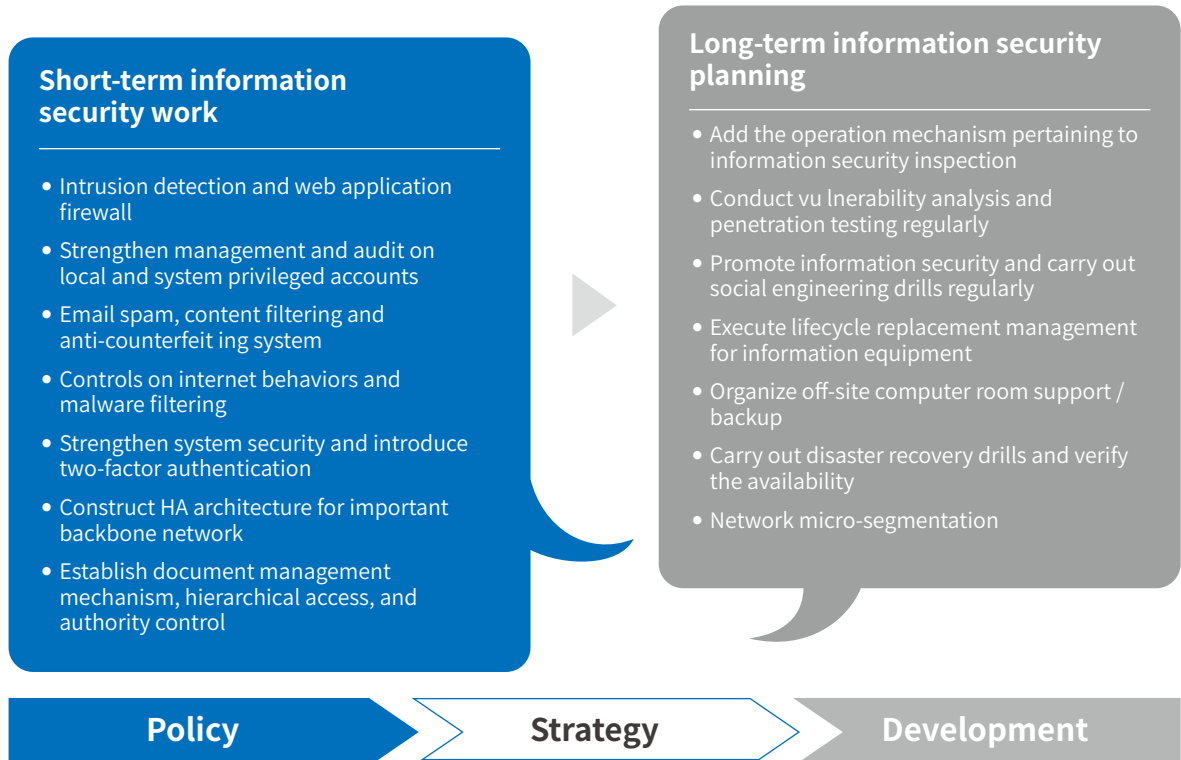
(2) Internal Audit Office is the supervisory unit for information security. The Office has one audit officer and several dedicated staffs. It is responsible to supervise the implementation of internal information security measures and regularly report to the Audit Committee on the outcome of safety inspection.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



2. Information security management strategy



3. Information security management plan



4. Information security management measures

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

7. Major contracts:

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

Six. Financial Summary

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

(1) Based on IFRS

Condensed Balance Sheet – Consolidated

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		42,635,282	45,399,224	58,062,286	73,216,914	64,907,547
Property, plant and equipment (Note 2)		10,587,542	11,964,933	12,181,556	13,091,836	13,101,779
Intangible assets		469,860	453,506	561,987	482,936	400,290
Other assets (Note 2)		5,337,466	4,684,125	6,393,602	6,743,093	6,213,721
Total assets		59,030,150	62,501,788	77,199,431	93,534,779	84,623,337
Current liabilities	Before	30,414,567	28,037,774	40,450,034	47,222,637	36,765,103
	After	32,139,864	31,038,291	44,200,680	50,280,741	36,765,103
Non-current liabilities		5,151,421	7,503,156	7,096,312	10,412,257	11,532,941
Total liabilities	Before	35,565,988	35,540,930	47,546,346	57,634,894	48,298,044
	After	37,291,285	38,541,447	51,296,992	60,692,998	50,258,367
Equity attributable to the parent company shareholders		21,843,084	25,173,298	27,475,816	33,355,792	33,681,265
Share capital		3,750,646	3,750,646	3,750,646	3,920,646	3,920,646
Capital reserves		1,803,097	1,792,401	1,792,401	4,716,303	4,726,957
Retained earnings	Before	18,244,548	21,568,375	24,454,964	26,623,743	27,018,487
	After	16,519,251	18,567,858	20,704,318	23,565,639	25,058,164
Other equity items		(1,955,207)	(1,938,124)	(2,522,195)	(1,904,900)	(1,984,825)
Non-controlling interests		1,621,078	1,787,560	2,177,269	2,544,093	2,644,028
Total equity	Before	23,464,162	26,960,858	29,653,085	35,899,885	36,325,293
	After	21,738,865	23,960,341	25,902,439	32,841,781	34,364,970

* 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.

Condensed Balance Sheet – The Parent Company only

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		11,434,251	11,163,249	17,629,101	20,838,452	15,809,221
Property, plant and equipment (Note 2)		3,409,869	3,853,656	3,937,729	4,248,066	4,109,612
Intangible assets		275,362	261,435	273,943	222,430	170,296
Other assets (Note 2)		23,141,556	24,747,448	27,118,633	29,591,813	30,406,774
Total assets		38,261,038	40,025,788	48,959,406	54,900,761	50,495,903
Current liabilities	Before	14,156,334	12,015,552	18,059,490	14,751,862	10,318,828
	After	15,881,631	15,016,069	21,810,136	17,809,966	12,279,152
Non-current liabilities		2,261,620	2,836,938	3,424,100	6,793,107	6,495,810
Total liabilities	Before	16,417,954	14,852,490	21,483,590	21,544,969	16,814,638
	After	18,143,251	17,853,007	25,234,236	24,603,073	18,774,961
Equity attributable to shareholders of the parent company		21,843,084	25,173,298	27,475,816	33,355,792	33,681,265
Share capital		3,750,646	3,750,646	3,750,646	3,920,646	3,920,646
Capital reserves		1,803,097	1,792,401	1,792,401	4,716,303	4,726,957
Retained earnings	Before	18,244,548	21,568,375	24,454,964	26,623,743	27,018,487
	After	16,519,251	18,567,858	20,704,318	23,565,639	25,058,164
Other equity items		(1,955,207)	(1,938,124)	(2,522,195)	(1,904,900)	(1,984,825)
Non-controlling interests		—	—	—	—	—
Total equity	Before	21,843,084	25,173,298	27,475,816	33,355,792	33,681,265
	After	20,117,787	22,172,781	23,725,170	30,297,688	31,720,942

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

Condensed Statement of Comprehensive Income – Consolidated

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenues		63,449,533	70,010,849	81,839,870	92,043,675	76,953,546
Gross profit		13,656,944	16,168,746	19,764,139	20,824,023	16,973,293
Operating profit		4,732,283	6,858,273	8,709,287	7,914,439	4,709,320
Non-operating revenues and expenses		77,420	(25,407)	19,173	823,580	89,814
Pre-tax profit		4,809,703	6,832,866	8,728,460	8,738,019	4,799,134
Net income from continuing operations		3,594,697	5,175,909	6,307,509	6,176,531	3,566,392
Loss from discontinued operations		—	—	—	—	—
Net income (loss)		3,594,697	5,175,909	6,307,509	6,176,531	3,566,392
Other comprehensive income/loss (net, after tax)		(668,125)	122,570	(614,765)	727,013	(93,534)
Total comprehensive income for the current period		2,926,572	5,298,479	5,692,744	6,903,544	3,472,858
Net income attributable to shareholders of the parent company		3,374,633	4,948,959	5,930,074	5,843,875	3,401,394
Net income attributable to non-controlling shareholders		220,064	226,950	377,435	332,656	164,998
Comprehensive income attributable to shareholders of the parent company		2,765,938	5,066,207	5,303,035	6,536,720	3,372,923
Comprehensive income attributable to non-controlling shareholders		160,634	232,272	389,709	366,824	99,935
Earnings per share (NT\$)		9.00	13.19	15.81	15.51	8.68

* 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.

Condensed Statement of Comprehensive Income – The Parent Company only

Unit: NT\$ thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenues		25,865,158	28,014,958	34,865,724	39,537,210	28,782,131
Gross profit		3,152,102	3,632,396	5,293,125	5,732,919	3,753,152
Operating profit		1,067,103	1,625,813	2,442,597	1,677,638	(158,117)
Non-operating revenues and expenses		2,677,867	4,158,093	4,595,296	5,250,015	4,346,880
Pre-tax profit		3,744,970	5,783,906	7,037,893	6,927,653	4,188,763
Net income from continuing operations		3,374,633	4,948,959	5,930,074	5,843,875	3,401,394
Loss from discontinued operations		—	—	—	—	—
Net income (loss)		3,374,633	4,948,959	5,930,074	5,843,875	3,401,394
Other comprehensive income/loss (net, after tax)		(608,695)	117,248	(627,039)	692,845	(28,471)
Total comprehensive income/loss for the current period		2,765,938	5,066,207	5,303,035	6,536,720	3,372,923
Net income attributable to shareholders of the parent company		3,374,633	4,948,959	5,930,074	5,843,875	3,401,394
Comprehensive income attributable to shareholders of the parent company		2,765,938	5,066,207	5,303,035	6,536,720	3,372,923
Earnings per share (NT\$)		9.00	13.19	15.81	15.51	8.68

* 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
2019	Deloitte Touche Taiwan	Wu, Lie-Dong Su, Ting-Chien	Unqualified opinion with the addition of “Other Issues” paragraph
2020	Deloitte Touche Taiwan	Su, Ting-Chien Wu, Lie-Dong	Unqualified opinion with the addition of “Other Issues” paragraph
2021	Deloitte Touche Taiwan	Wu, Lie-Dong Su, Ting-Chien	Unqualified opinion with the addition of “Other Issues” paragraph
2022	Deloitte Touche Taiwan	Wu, Lie-Dong Su, Ting-Chien	Unqualified opinion with the addition of “Other Issues” paragraph
2023	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				
			2019	2020	2021	2022	2023
Financial position (%)	Debt to assets ratio		60.25	56.86	61.59	61.62	57.07
	Long-term capital to property, plants and equipment		254.96	273.10	283.81	334.32	345.10
Solvency (%)	Current ratio		140.18	161.92	143.54	155.05	176.55
	Quick ratio		82.88	93.96	64.77	64.01	74.18
	Interest coverage ratio		16.55	29.63	41.20	21.43	5.27
Operating efficiency	Accounts receivable turnover (times)		4.37	5.12	6.01	5.77	4.91
	Average cash collection days		83.52	71.28	60.73	63.25	74.33
	Inventory turnover (times)		2.93	2.98	2.46	1.92	1.50
	Accounts payable turnover (times)		7.57	7.44	7.23	7.61	8.00
	Average inventory turnover days		124.57	122.48	148.37	190.10	243.33
	Property, plant and equipment turnover (times)		6.42	6.21	6.78	7.28	5.88
Profitability	Total assets turnover (times)		1.14	1.15	1.17	1.08	0.86
	Return on assets (%)		6.46	8.44	8.71	7.20	4.76
	Return on equity (%)		15.83	21.05	22.53	19.21	10.15
	Pre-tax profit to paid-in capital (%)		128.24	182.18	232.72	222.87	122.41
	Net profit margin (%)		5.32	7.07	7.25	6.35	4.42
Cash flow	Earnings per share (NTD)		9.00	13.19	15.81	15.51	8.68
	Cash flow ratio (%)		6.37	40.65	-12.26	1.08	28.80
	Cash flow adequacy ratio (%)		52.72	88.38	36.47	22.27	42.27
Degree of leverage	Cash reinvestment ratio (%)		0.57	21.98	-16.79	-5.54	12.30
	Operating leverage		2.91	2.33	2.48	2.90	4.08
	Financial leverage		1.07	1.04	1.03	1.06	1.31

Explanation to major variations in the last two years:

- The decrease of pre-tax profit and higher interest expense, had both led to lower interest coverage ratio; the slow destocking of entry and middle level bike was the main reason for lower inventory turnover and higher average inventory turnover days; the change of return on assets, return on equity, and net profit margin were all caused by the drop of group net income.
- The change of cashflow ratio was due to the increase of operation cash flow, which affected by lower inventory and account receivable.

* 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				
			2019	2020	2021	2022	2023
Financial position (%)	Debt to assets ratio		42.91	37.11	43.88	39.24	33.30
	Long-term capital to property, plants and equipment ratio		706.91	726.85	784.71	945.11	977.64
Solvency (%)	Current ratio		80.77	92.91	97.62	141.26	153.21
	Quick ratio		52.51	53.28	51.53	76.55	102.61
	Interest coverage ratio		88.16	110.60	135.28	61.39	29.54
Operating efficiency	Accounts receivable turnover (times)		4.67	4.85	4.96	4.02	3.23
	Average cash collection days		78.16	75.26	73.58	90.79	113.00
	Inventory turnover (times)		6.80	5.63	4.56	3.81	3.42
	Accounts payable turnover (times)		6.81	6.05	6.45	7.62	8.34
	Average inventory turnover days		53.68	64.83	80.04	95.80	106.73
	Property, plant and equipment turnover (times)		8.68	7.71	8.95	9.66	6.89
	Total assets turnover (times)		0.73	0.72	0.78	0.76	0.55
Profitability	Return on assets (%)		9.60	12.76	13.43	11.44	6.68
	Return on equity (%)		15.83	21.05	22.53	19.21	10.15
	Pre-tax profit to paid-in capital (%)		99.85	154.21	187.64	176.70	106.84
	Net profit margin (%)		13.05	17.67	17.01	14.78	11.82
	Earnings per share (NTD)		9.00	13.19	15.81	15.51	8.68
Cash flow	Cash flow ratio (%)		6.82	24.19	-16.77	8.88	78.47
	Cash flow adequacy ratio (%)		20.13	31.59	5.78	5.02	41.26
	Cash reinvestment ratio (%)		—	3.96	-18.16	-5.68	11.56
Degree of leverage	Operating leverage		4.42	3.29	2.71	4.04	Note 3
	Financial leverage		1.04	1.03	1.02	1.07	Note 3

Explanation to major variations in the last two years:

1. The decrease of pre-tax profit and higher interest expense, had both led to lower interest coverage ratio; the growth of quick ratio was due to the drop of inventory and current liabilities; the change of return on assets, return on equity, and net profit margin were all caused by the drop of group net income.
2. The change of cashflow ratio was due to the increase of operation cash flow, which affected by lower inventory and account receivable.

Note 1: Highlight unaudited financial data where appropriate.

Note 2: Formulas of various analysis are defined below:

Note 3: Not applicable due to operating loss.

Below are the formulas used in various financial analysis:

1. Financial position

- (1) Debt to asset ratio = total liabilities / total assets.
- (2) Long-term capital to property, plants and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
- (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

3. Operating efficiency

- (1) Receivables turnover = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
- (2) Average cash collection days = 365 / receivables turnover.
- (3) Inventory turnover = cost of sales / average inventory balance.
- (4) Payables turnover = cost of sales / average payables balance (including accounts payable and notes payable from business activities).
- (5) Average inventory turnover days = 365 / inventory turnover.
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
- (7) Total assets turnover = net sales / average total assets.

4. Profitability

- (1) Return on assets = [net income + interest expenses × (1- tax rate)] / average total assets balance.
- (2) Return on equity = net income / average shareholders' equity.
- (3) Net profit margin = net income / net sales.
- (4) Earnings per share = (net income attributable to shareholders of the parent company - preferred share dividends) / weighted average outstanding shares. (Note 5)

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = Five-year sum of cash from operating activities / (Five-year sum of capital expenditures, inventory additions, and cash dividends)
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 6)

6. Leverage:

- (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit (Note 7).
- (2) Degree of financial leverage = operating profit / (operating profit - interest expenses).

Note 5: Calculation of earnings per share has taken the following factors into account:

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

Note 6: Cash flow analysis have taken the following factors into account:

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

Note 7: 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.

3. Audit Committee' s Review Report for 2023

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, 2023. 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

March 25, 2024

4. 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	2022	2023	Variation	
				Amount	%
Current assets		73,216,914	64,907,547	(8,309,367)	-11%
Fixed assets		13,091,836	13,101,779	9,943	0%
Intangible and other assets		7,226,029	6,614,011	(612,018)	-8%
Total assets		93,534,779	84,623,337	(8,911,442)	-10%
Current liabilities		47,222,637	36,765,103	(10,457,534)	-22%
Total liabilities		57,634,894	48,298,044	(9,336,850)	-16%
Share capital		3,920,646	3,920,646	0	0%
Capital reserves		4,716,303	4,726,957	10,654	0%
Retained earnings		24,718,843	25,033,662	314,819	1%
Non-controlling interests		2,544,093	2,644,028	99,935	4%
Total shareholders' equity		35,899,885	36,325,293	425,408	1%

1. Explanation to major variations:

Decrease in current liabilities and total liabilities were mainly due to the decrease in bank loans and accounts payable.

2. 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	2022	2023	Variation	Variation (%)
Net operating revenues		92,043,675	76,953,546	(15,090,129)	-16%
Operating costs		71,219,652	59,980,253	(11,239,399)	-16%
Gross profit		20,824,023	16,973,293	(3,850,730)	-18%
Operating expenses		12,909,584	12,263,973	(645,611)	-5%
Operating profit		7,914,439	4,709,320	(3,205,119)	-40%
Non-operating income and expenses		823,580	89,814	(733,766)	-89%
Pre-tax profit		8,738,019	4,799,134	(3,938,885)	-45%
Income tax		2,561,488	1,232,742	(1,328,746)	-52%
Net income		6,176,531	3,566,392	(2,610,139)	-42%
Net income attributable to owners of the Company		5,843,875	3,401,394	(2,442,481)	-42%
Net income attributable to non-controlling interests		332,656	164,998	(167,658)	-50%

1. Explanation to major variations:

- (1) The change in operating profit was mainly due to the decline in operating revenues which was infected by the slowdown in demand after the epidemic in Europe and the U.S. markets. The operating expense rate increased was due to the reduction in revenue scale, resulting in a decline in operating profit.
- (2) The change in non-operating income and expenses were mainly due to the decrease of exchange benefits and the increase in capital costs caused by interest rate raised.
- (3) The change in pre-tax profit and net income were mainly due to the decrease in the group's operating and non-operating income.

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

It is expected that the Europe and U.S. markets will still take some time to destock, but the demand of mid-to-high-end bicycles in China market continues to grow. Therefore, the sales volume will not decline significantly. The Company will line with the goal of maintaining stable profits through continues strengthening promotional plans to amid on existing stock, but also launching new products to attract consumers.

3. Cash flow review and analysis

(1) Liquidity analysis for the last 2 years

Item	2022	2023	Variation (%)
Cash flow ratio (%)	1.08	28.80	2,567
Cash flow adequacy ratio (%)	22.27	42.27	90
Cash reinvestment ratio (%)	(5.54)	12.30	322

Explanation to major variations:

The increase of cash flow-related ratios was mainly due to the lower inventory and account receivable which increase in net cash flow from operating activities.

(2) Liquidity analysis for the next year

Unit: NT\$ thousands

Opening cash balance	Net cash flow from operating activities for the year	Cash outflow for the year	Cash surplus (deficit)	Financing of projected cash deficits	
				Investment plans	Financing plans
14,792,315	2,777,075	7,817,125	9,752,265	-	-

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

(1) Operating activities: The cash inflow is mainly due to the expected operating profit in 2024.

(2) Investing activities: The cash outflow is mainly due to the expected capital expenditures in 2024.

(3) Financing activities: The cash outflow is mainly due to the expected payment of cash dividends and loan repayment in 2024.

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

None.

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

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

Unit: NT\$ thousands

Projects	Actual or expected source of capital	Actual or expected date of completion	Total capital required	Actual or expected uses of capital	
				2024 - budgeted	2023 - actual
Replacement and renewal of property, automated production equipment, and work safety/environmental protection equipment	Working capital	2024.12	3,577,132	2,358,000	1,219,132
Replacement/renewal of office and IT equipment	Working capital	2024.12	802,661	347,800	454,861
Investment in Giant distribution channel	Working capital	2024.12	264,124	151,000	113,124

(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 8 “Information on investees” of the consolidated financial statements of 2023.

The profit incurred on investments were mainly due to the market demand and minor impact of stock. While the loss incurred on investments were caused by:

Units: In Thousands of New Taiwan Dollars and Foreign Currencies

Description Item	(loss) incurred on investments in 2023	Main causes of profit or loss	Improvement plans	Other upcoming investment plans
AIPS Technology Co., Ltd.	(235,378)	The indoor sporting equipments orders decline.	Expect for gain profit throug active expanding into new customers.	None.
Giant Light Metal Technology (Haian) Co., Ltd.	(50,464)	The production was unable to achieve the economic scale.	Gradually improve the production process and increase the capacity.	None.
Giant Light Metal Technology (Malaysia) Co., Ltd.	RMB(1,022)	Business expansion is not as expected.	Expect for sales grow throug active expanding into new market.	None.
Jiangsu Giant Adventure Co., Ltd.	(4,888)	The decrease of group tour had impact on revenues.	Expect the sales growth when the increase of willingness to travel.	None.
Putian YouBike Management Co., Ltd	(100,468)	The franchise agreement is coming to the end.	Liquidation procedures will be carried out after maturity.	None.
Giant Vietnam Manufacturing Company Limited.	(73,979)	Low capacity utilization and falling orders.	Gradually improve the production process.	None.
Giant Manufacturing Hungary Ltd.	EUR(938)	Impact by high stock in the market and falling orders.	Strengthen the destock of raw material, and improve the production process.	None.
Giant Bicycle Inc.	EUR(13,053)	Impact by high stock in the market	Strengthen the partnerships with dealers and brand adhesion to drive sales.	None.
Giant Co., Ltd.	EUR(453)	Impact by high stock in the market	Strengthen the partnerships with dealers and brand adhesion to drive sales.	None.
Giant Korea Co., Ltd.	EUR(271)	Impact by high stock in the market	Strengthen the partnerships with dealers and brand adhesion to drive sales.	None.
Giant U.K. Ltd.	EUR(205)	Impact by high stock in the market	Strengthen the partnerships with dealers and brand adhesion to drive sales.	None.

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

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

1. In these years, decreasing crude oil production due to Russia-Ukraine War, Israel-Palestine Conflict and changes in global trends of events compounded by raw materials shortages drove up the inflation rate. As a result, the Federal Reserve of the U.S. started to lift interest rates as countries around the world adopted tight monetary policy, leading to an upward trend of

borrowing rates. Despite having operation across Europe, the U.S. and Asia, our interest rate costs had risen as a consequence. However, our steady profits have sustained our capital needs. When borrowing need arises, our cost of capital is relatively more competitive than the market rates. We can also coordinate and utilize the difference in interest rates between markets.

2. Movements of the NTD exchange rate in 2023 produced an overall gain on exchange for the Company. In general, the Company suffers when USD weakens against NTD, and gains when USD strengthens against NTD; strengthening of EUR benefits the Company; and strengthening of JPY favors the Company and its Chinese subsidiaries for selling finished goods into Japan, but works against our favor when purchasing parts from Japan. In an attempt to reduce exchange rate impacts on overall profitability, the Company has reached an agreement with its customers to reflect exchange rate variations immediately in the quoted price if they exceed a certain range. Meanwhile, the Company hedges its exposures by holding appropriate amounts of foreign currency.
 3. The spiking inflation will undermine the global economic growth, but the pressure in major markets had started to slow down, and should not imply a hard landing. Though there might be impact on the willingness to consumer, it is believed that it will have no significant impact on cycling industry, for the bike itself is daily necessity in Europe and U.S., but also combines environmental protection and saving on high energy costs, couple with consumer's enthusiasm for sports and fitness in recent years.
- (2) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of any profits or losses incurred and future responsive measures:
1. The Company never engages in high-risk or highly leveraged investments, and does not transact derivatives for arbitrage purpose. The board of directors has specifically prohibited these types of transaction.
 2. The Company extends loan, endorsement and guarantee only to subsidiaries in which it exercises control. These transactions are conducted strictly in accordance with the rules approved at annual general meetings.
- (3) Future research and development plans and projected expenses:

Unit: NT\$ thousands		
Project No.	R&D project	Projected expenses
1	Bikes and E-bikes R&D	
2	Development of rider gear and bike gear	
3	Development of key, proprietary technologies (material, shaping, coating, suspension, key components: carbon fiber wheels, saddles etc)	1,754,729

- (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 Information Security Risk) and Industry on Company's Finance and Business and Action Plans:

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

In terms of manufacturing techniques, the Company heads towards smart manufacturing. We adopt basic components with IoT functions, automation, data management platform, and simulation analysis to accelerate the transformation, optimization, innovation and revolution of factories and shift towards smart and green factories. As for marketing, we intensify efforts on digital marketing, combine sports science with IoT, and use innovative technology to understand and satisfy consumer demand. We would continue to build and strengthen Giant Retailing Academy (GRA), establish regional sales center as well as incorporate E-comm, Giant ID and digital marketing to provide consumers comprehensive services and experience, thereby achieving the long-term goal of communicating with consumers and establishing the cycling ecosystem. The Company is determined to build a consumer-based core value, from brand promotion, community interaction, official website, retail store experience to after-sales service, making good use of digital tools to interactive with consumers, and to have consistency experience at each touch point.

Assessment and analysis of information security risk and action plans:

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

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

The Company has long maintained a sound corporate and brand image. In the 2023 Taiwan Global Brand Survey, the Company ranked sixth with brand value of US\$790 million, up 6% from the previous year, and has continued to be the number one bicycle brand. The increasing stringent environmental regulations on carbon dioxide emission reduction and circular economy have brought challenges to enterprises. The Giant group has built its own solar power generation, developed energy-saving and emission reduction technologies, introduce scientific management of carbon inventory, and to emulate the success through Bicycling Alliance for Sustainability (BAS) and work with 75 members to enhance the sustainability level of the cycling industry.

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

None.

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

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

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

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

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

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

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

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

(12) Litigation and non-contentious cases:

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

(13) Other significant risks and countermeasures:

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

7. Other Significant Matters: None.

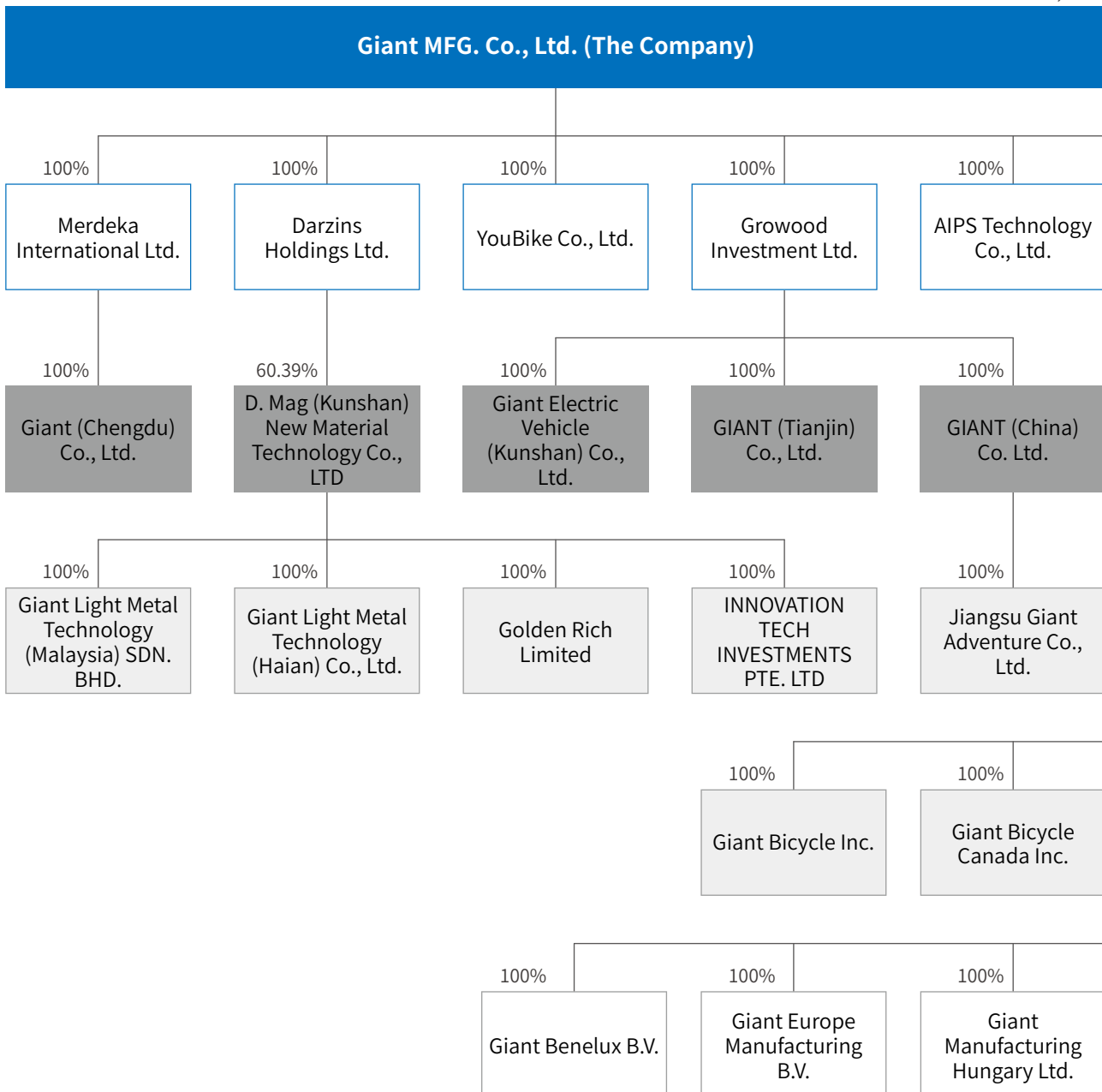
Eight. Special Remarks

1. Affiliated enterprise reports

(1) Consolidated business report

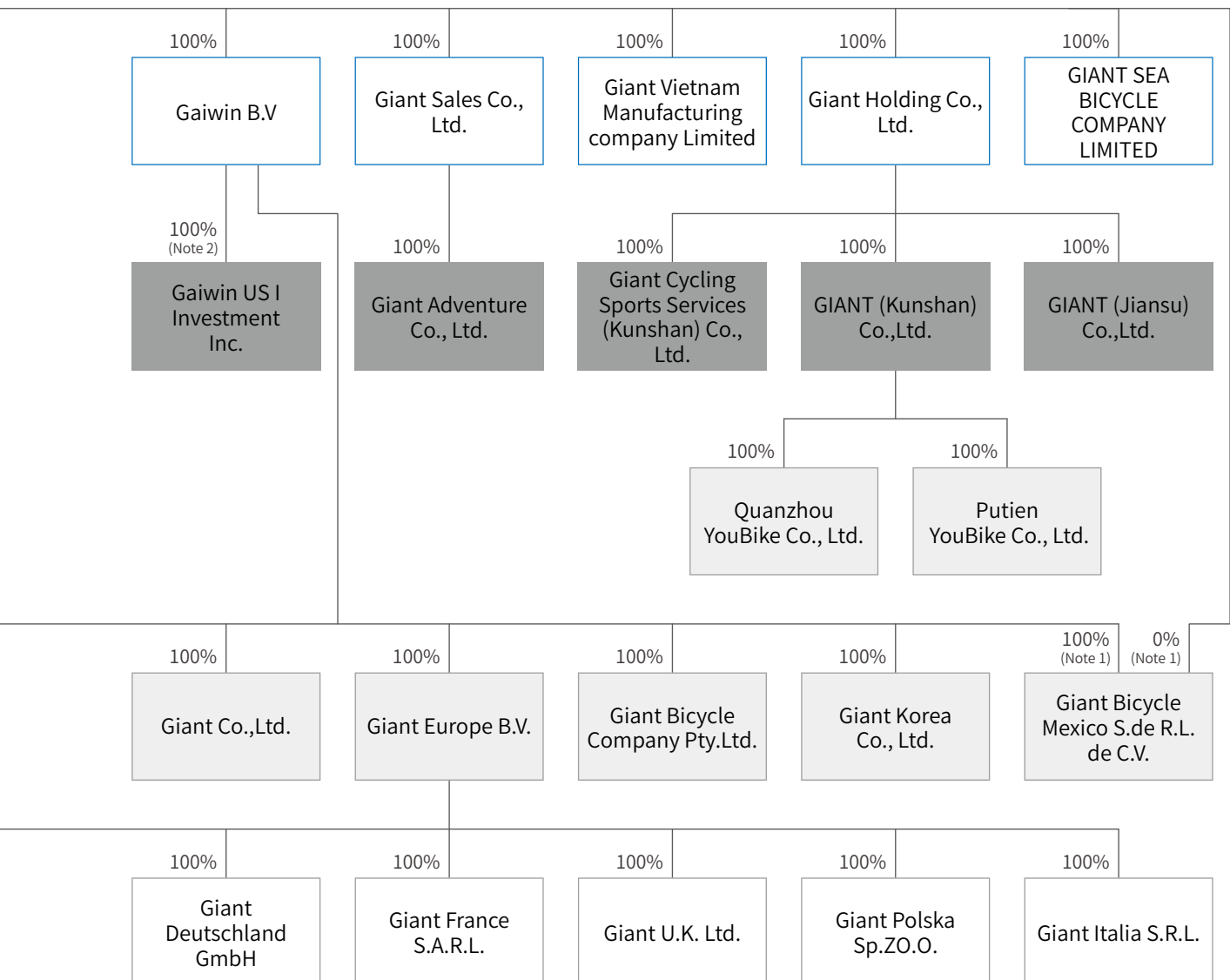
1. Affiliated enterprises chart

As at December 31, 2023



Note 1: Rounding to whole number

Note 2: Renamed to SPIA CYCLING INC. on January 3, 2024.



2. Profile of affiliated companies

Unit: NTD thousands and foreign currency thousands
As at December 31, 2023

Company name	Date of establishment	Address	Paid-up capital		Main business activities or products
Giant Sales Co., Ltd.	1981.02.11	No. 117, Section 2, Henan Road, Xitun District, Taichung City	TWD	140,000	Sale of bikes and related products, and bicycle leasing service
AIPS Technology Co., Ltd.	2020.09.29	No. 901, Section 2, Zhongshan Road, Dajia District, Taichung City	TWD	500,000	Manufacturing and sales of sporting goods
Giant Adventure Co., Ltd.	2009.04.23	2F, No. 117, Section 2, Henan Road, Xitun District, Taichung City	TWD	10,000	Local and overseas travel service
YouBike Co., Ltd.	2015.10.23	6F, No. 117, Section 2, Henan Road, Xitun District, Taichung City	TWD	848,000	Bicycle leasing
GIANT (China) Co. Ltd.	1992.10.08	No. 1, Shunfan Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD	37,500	Manufacturing and sale of bikes and related products
D. Mag (Kunshan) New Material Technology Co., Ltd.	2013.06.17	No. 118, Pengxi South Road, Kunshan Economic Development Zone, Jiangsu Province	RMB	360,000	Manufacture and sale of products applied new type of alloys
Giant Light Metal Technology (Haian) Co., Ltd.	2019.07.31	No.188, Alishan Road, Haian Economic & Technological Development Zone, Jiangsu Province	RMB	110,000	Production and sale of new alloys, including semi-solid and superplastic aluminium
Giant (Chengdu) Co., Ltd.	2003.12.25	No. 327, Yidu Boulevard Central, Longquanyi District, Economic & Technological Development Zone, Chengdu City, Sichuan Province	USD	6,000	Sale of bikes and related products
Giant Electric Vehicle (Kunshan) Co., Ltd.	2005.10.08	No. 1, Yuehe South Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD	5,000	Manufacturing and sale of electric bikes and related products
GIANT (Tianjin) Co., Ltd.	2007.09.03	No. 12, Shunfan Road, Jinghai Economic Development Zone, Tianjin City	USD	12,000	Manufacturing and sale of bikes and related products
Giant Investment Co., Ltd.	2010.04.13	No. 889, Honghu Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD	88,500	Investment
GIANT (Kunshan) Co.,Ltd.	2010.08.27	No. 889, Honghu Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	USD	35,000	Manufacturing and sale of bikes and related products
Giant Cycling Sports Services (Kunshan) Co., Ltd.	2011.01.07	No. 1, Alley 168, Bajie Road, Bacheng Town, Kunshan City, Jiangsu Province	USD	1,000	Bicycle leasing; promotion of outdoor activities; sale of bikes and related products
Jiangsu Giant Adventure Co., Ltd.	2013.08.08	No. 1075, Bolu South Road, Economic & Technological Development Zone, Kunshan City, Jiangsu Province	RMB	5,000	Travel service in China
Quanzhou YouBike Co., Ltd.	2016.03.07	Unit 303, Tiandimiao Street, Show, Ling, Quanxiu Road, Fengze District, Quanzhou City, Fujian Province	RMB	50,000	Bicycle leasing in China
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 in China
Giant Light Metal Technology (Malaysia) Co., Ltd.	2019.12.24	8-1 Jalan, Prima Setapak 3, Off Jalan Genting Kelang, Setapak 53300 , Kuala Lumpur ,W.P. Kuala Lumpur, Malaysia	USD	100	Sales of mid-to-high-end aluminum wheel hub products
Growood Investment Ltd.	1978.05.20	10 Anson Road #38-06 International Plaza Singapore 079903	SGD	26,619	Investment
Darzins Holdings Ltd.	1995.07.05	P.O. Box 71,Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	USD	14,889	Investment
Merdeka International Ltd.	1999.06.02	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD	6,000	Investment
Gaiwin B.V.	1987.10.01	Pascallaan 66, 8218 Nj Lelystad. The Netherlands	EUR	628	Investment
Giant Europe B.V.	1986.10.29	Pascallaan 66, 8218 Nj Lelystad. The Netherlands	EUR	600	Investment; sale of bikes and related products
Giant Deutschland GmbH	1987.12.02	Mettmaner Strasse 25, 40699 Erkrath, Germany	EUR	256	Sale of bikes and related products
Giant France S. A. R. L.	1988.01.25	Pichaury II - les Milles, 780 rue Guillibert Gauthier de la Lauziere, 13100 AIX-EN-PROVENCE, France	EUR	4,200	Sale of bikes and related products
Giant Europe Manufacturing B.V.	1996.08.29	Pascallaan 66, 8218 Nj Lelystad. The Netherlands	EUR	227	Manufacturing and sale of bikes
Giant Benelux B.V.	2005.01.01	Pascallaan 66, 8218 Nj Lelystad. The Netherlands	EUR	230	Sale of bikes and related products

Company name	Date of establishment	Address	Paid-up capital		Main business activities or products
Giant Italy S.R.L.	2015.07.02	Nerviano (MI), Via Vicinale di Parabiago 22, CAP 20014	EUR	200	Sale of bikes and related products
Giant Polska Sp. ZO.O.	2001.10.23	Ul. Osmańska 12, 02-823 Warszawa, Poland.	PLN	150	Sale of bikes and related products
Giant U.K. Ltd.	1987.09.21	Charnwood Edge, Syston Road, Cossington, LE7 4UZ, UK	GBP	200	Sale of bikes and related products
Giant Bicycle Inc.	1987.09.11	3587 Old Conejo Road, Newbury Park, CA 91320, U.S.A.	USD	1,000	Sale of bikes and related products
Giant Co., Ltd.	1989.02.03	2-44-3 Kosugigoten-cyo Nakaharaku Kawasaki-Shi Kanagawa Japan 211-0068	JPY	200,000	Sale of bikes and related products
Giant Bicycle Company Pty. Ltd.	1988.01.04	Unit 7, 3-5 Gilda Court Mulgrave Vic 3170 Australia	AUD	500	Sale of bikes and related products
Giant Bicycle Canada, Inc.	1991.02.11	Suite 100, 2255 Dollarton Highway, North Vancouver, BC V7H 3B1, Mexico	CAD	1,052	Sale of bikes and related products
Giant Korea Co., Ltd.	2009.03.26	3F, Metamorpho bldg., 89 Seongsuil-ro, Seongdong-gu, Seoul, Republic of Korea	KRW	734,000	Sale of bikes and related products
Giant Bicycle Mexico S. de R.L. de C.V.	2011.06.20	Blvd. Adolfo Ruiz Cortinez, 5183, 1st floor, Col. Isidro Fabela, Tlalpan, Mexico City, ZIP 14030, Mexico	MXN	70,060	Sale of bikes and related products
Golden Rich Limited	2017.03.31	2nd Floor, FOYER,625 King's Road, North Point, Hong Kong	USD	100	International trade
Giant Manufacturing Hungary Ltd.	2018.05.17	3200 Gyöngyös, Jedlik Ányos utca 1., Hungary	EUR	20	Manufacturing and sale of bikes and related products
Giant Vietnam Manufacturing Company Limited	2022.04.21	No. 19 VSIP II-A, Road No. 32, Vietnam-Singapore II-A Industrial Park, Tan Binh Commune, Bac Tan Uyen District, Binh Duong Province, Vietnam.	USD	20,000	Manufacturing and sale of bikes and related products
GIANT SEA BICYCLE COMPANY LIMITED	2023.10.25	No. 16, Street 3, Vietnam Singapore-Industrial Park III (VSIP III), Tan Lap Commune, Bac Tan Uyen District, Binh Duong Province, Vietnam	USD	15,000	Manufacturing and sale of bikes and related products
Gaiwin US I Investment Inc.(Note 1)	2022.12.14	850 New Burton Road,Suite 201,Dover,Kent,De,19904, USA	USD	0	Investment
INNOVATION TECH INVESTMENTS PTE. LTD.	2023.12.22	701 GEYLANG ROAD #04-04 TEAMBUILD CENTRE SINGAPORE (389687)	USD	0	Investment

Note 1: Renamed to SPIA CYCLING INC. on January 3, 2024.

3. Common shareholders in controlling or controlled companies: None

4. Businesses covered by affiliated companies:

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

4-1. The giant group is one of the few in the industry that has a complete bicycle supply chain from research and development, manufacturing, marketing to sales. Therefore, the transaction within the group is mainly for the manufacturing bicycles and parts from factories to the sales companies around the world. The multiple production bases in the group can fully utilize the manufacturing resources of various places and play the biggest competitive advantage of each factory, and make good use of the supply chain of each factory to form a strong competitiveness. In addition, to promote the cycling sport and encourage green travel, the Group's factories also sell bicycles to Youbike, which is bikesharing scheme, and to self-owned travel agencies.

5. Directors, supervisors, and President of affiliated companies

Unit: foreign currency thousands; shares
As of March 30, 2024

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	YANG LIU,LI-ZHU	84,800,000	-	100
	Director	LIU, CHIN-PIAO (King Liu), HO,YO-REN			
	Supervisor	CHIU,TA-PENG			
	President	HO,YO-REN			
GIANT (China) Co. Ltd.	Chairman	THO, TU HSIU-CHEN (Bonnie Tu)	-	USD 37,500	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	CUI JIAN ZHONG, SUN,DE-CONG, YEN,CHING-HSIN, LU,HUA-MING, JHOU,ZONG-YAN, CHIU,TA-PENG, LIU, YUON-CHAN (Young Liu)			
	President	JHOU,ZONG-YAN			
	Supervisors	WANG,FANG , LU,HSIO-SHAN , LENG,YAN-PING			
Giant Light Metal Technology (Haian) Co., Ltd.	Chairman	TU,CHI-PING	-	RMB 110,000	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	LIU,HSIAO-YU			
GIANT (Tianjin) Co., Ltd.	Chairman	SHIH,CHING-AN	-	USD 12,000	100
	Directors	YEN,CHING-HSIN, KUO,FANG-CHENG			
	Supervisor	LU ,HSIO-SHAN			
	President	KUO ,FANG-CHENG			
Giant Investment Co., Ltd.	Chairman	THO, TU HSIU-CHEN (Bonnie Tu)	-	USD 88,500	100
	Director	LIU, YUON-CHAN (Young Liu), SHIH,CHING-AN			
	Supervisor	CHIU,TA-PENG			
	President	LIU, YUON-CHAN (Young Liu)			
GIANT (Kunshan) Co.,Ltd.	Chairman	SHIH,CHING-AN	-	USD 35,000	100
	Director	YEN ,CHING-HSIN , YU ,CHENG-KAI			
	Supervisor	LU ,HSIO-SHAN			
	President	YU ,CHENG-KAI			
Giant Cycling Sports Services (Kunshan) Co., Ltd.	Chairman	CHENG,PAO-TANG	-	USD 1,000	100
	Director	LIU, YUON-CHAN (Young Liu), SHIH,CHING-AN			
	Supervisor	CHIU,TA-PENG			
	President	LIU,SU-CHUAN			
Jiangsu Giant Adventure Co., Ltd.	Chairman	CHU,HSIUNG-YU	-	RMB 5,000	100
	Director	LIU,SU-CHUAN, SHIH ,CHING-AN			
	Superviso	LI ,HUNG			
	President r	CHU,HSIUNG-YU			

Company name	Title	Name or name of representative	No. of shares held	Capital contribution	Percentage of shareholding / capital contribution (%)
Quanzhou YouBike Co., Ltd.	Director Supervisor	CHENG ,PAO-TANG SHIH ,CHING-AN	-	RMB 50,000	100
GIANT (Jiangsu) Co.,Ltd.	Chairman	SHIH ,CHING-AN	-	USD 52,500	100
	Director	SHIH ,STEVEN, CHEN,GUEI-YAO			
	President	CHEN,GUEI-YAO			
	Supervisor	LU ,HSIO-SHAN			
Putian YouBike Management Co.,Ltd	Director	CHENG ,PAO-TANG	-	RMB 50,000	100
	Supervisor	SHIH ,CHING-AN			
	President	SU,SHENG-SYONG			
Growood Investment Ltd.	Director	TU,CHI-PING, CHIU,TA-PENG, DENESA ANG	-	USD 18,063	100
Darzins Holdings Ltd.	Director	LIU, YUON-CHAN (Young Liu), WANG ,PI-YU	-	USD 14,889	100
Merdeka International Ltd.	Director	CHIU ,TA-PENG, WANG ,PI-YU	-	USD 6,000	100
Gaiwin B. V.	Director	KOO ,KAM HOI, JEFFREY CHIN, ERIC RAMAEKERS	-	EUR 7,243	100
Giant Europe B. V.	Director	KOO ,KAM HOI, WANG,PI-YU	-	EUR 45,736	100
Giant Bicycle Inc.	Director	KOO ,KAM HOI, WANG,PI-YU , JOHN THOMPSON, ANMIN LI	-	USD 47,618	100
	President	JOHN THOMPSON			
Giant Co., Ltd.	Director	THO, TU HSIU-CHEN (Bonnie Tu) , LIU, YUON-CHAN (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 S. A. R. L.	Director	KOO ,KAM HOI, WANG,PI-YU	-	EUR 4,200	100
	President	JEROME CHAGNON			
Giant U. K. Ltd.	Director	KOO ,KAM HOI,, WANG, PI-YU , IAN BEASANT	-	GBP 200	100
	President	IAN BEASANT			
Giant Europe Manufacturing B.V.	Director	JEFFREY CHIN, YEN ,CHING-HSIN, WANG, PI-YU	-	EUR 227	100
	President	JEFFREY CHIN			
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			
	President	KOO ,KAM HOI			
Giant Bicycle Mexico S. de R.L. de C.V.	Director	KOO ,KAM HOI	-	MXN 70,060	100
	President	LAI ,CHRIS			
Giant Italia S.R.L.	Director	KOO ,KAM HOI, WANG,PI-YU	-	EUR 200	100
Golden Rich Limited	Director	TU,CHI-PING	-	USD 100	100
Giant Manufacturing Hungary Ltd.	Director	YEN,CHING-HSIN, WANG ,PI-YU ,JEFFREY CHIN	-	EUR 45,000	100
	President	JEFFREY CHIN			
Giant Vietnam Manufacturing Company Limited	Director	YEN,CHING-HSIN, LAI, MAO SUNG ,WANG ,PI-YU	-	USD 20,000	100
	President	LAI, MAO SUNG			
GIANT SEA BICYCLE COMPANY LIMITED	Director	YEN,CHING-HSIN, LAI, MAO SUNG ,WANG ,PI-YU		USD 15,000	100
	President	LAI, MAO SUNG			
SPIA CYCLING INC.(Note1)	Director	WANG ,PI-YU, YU, WEN-JEN		USD 500	100
	President	YU, WEN-JEN			
INNOVATION TECH INVESTMENTS PTE. LTD.	Director	Ang Lay Suan		USD 0	100

Note1: The original company name is "Gaiwin US I Investment Inc.".

6. Performance of affiliated enterprises

Unit: NTD thousands, except EPS which is presented in NTD
As of December 31, 2023

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit (loss)	Current period profit (loss) (after tax)	Earnings per share (after-tax) (Note 1)
Giant Sales Co., Ltd.	140,000	1,087,936	457,586	630,350	1,676,529	315,308	303,738	21.70
YouBike Co., Ltd.	848,000	1,823,573	834,738	988,835	2,267,533	116,602	101,947	1.20
GIANT (China) Co. Ltd.	1,176,503	5,948,328	3,512,357	2,435,971	7,499,511	754,287	683,107	
GIANT (Kunshan) Co.,Ltd.	1,018,141	7,169,126	4,410,906	2,758,220	13,253,487	1,501,015	1,386,947	
GIANT (Tianjin) Co., Ltd.	386,137	4,206,296	2,486,534	1,719,762	8,621,000	794,140	733,226	
Giant Electric Vehicle (Kunshan) Co., Ltd.	174,360	4,740,256	1,660,878	3,079,378	6,229,565	533,457	569,671	
D. Mag (Kunshan) New Material Technology Co., Ltd.	1,551,204	8,027,905	1,352,123	6,675,782	7,227,310	451,655	416,598	
Giant Light Metal Technology (Haian) Co., Ltd.	517,068	1,158,026	827,686	330,340	681,715	(73,971)	(83,665)	
Giant Light Metal Technology (Malaysia) Co., Ltd.	2,796	2,359	10,338	(7,979)	0	(2,123)	(4,491)	
Giant (Chengdu) Co., Ltd.	213,994	750,682	451,473	299,209	1,746,824	146,512	120,874	
Giant Adventure Co., Ltd.	10,000	135,141	60,206	74,935	255,151	51,233	42,267	42.27
Giant Investment Co., Ltd.	2,488,687	5,283,887	225,501	5,058,386	1,002	(90,835)	1,438,647	
Giant Cycling Sports Services (Kunshan) Co., Ltd.	28,418	3,191	0	3,191	0	0	7	
Jiangsu Giant Adventure Co., Ltd.	21,545	6,951	19,267	(12,316)	22,428	(4,771)	(4,888)	
Quanzhou YouBike Co., Ltd.	215,445	120,723	6,511	114,212	1,359	5,628	6,556	
Putian YouBike Management Co.,Ltd	215,445	180,421	55,137	125,284	91,338	(110,582)	(100,468)	
GIANT (Jiangsu) Co.,Ltd.	1,429,603	1,654,255	2,412	1,651,843	0	(9)	39,659	
AIPS Technology Co., Ltd.	500,000	686,724	534,998	151,726	556,848	(300,752)	(235,378)	(4.71)
Giant Europe B. V.	20,307	19,109,899	11,312,687	7,797,212	8,863,179	352,337	301,633	
Gaiwin B. V.	21,266	13,047,388	266,531	12,780,857	0	12,992	(77,323)	
Growood Investment Ltd.	481,035	7,329,129	490,279	6,838,850	0	(2,987)	1,921,454	
Darzins Holdings Ltd.	457,611	4,052,016	155,520	3,896,496	0	(66)	226,644	
Merdeka International Ltd.	184,410	299,889	0	299,889	0	(71)	120,790	
Giant Bicycle Inc.	30,735	5,082,756	3,347,459	1,735,297	3,924,386	(385,901)	(439,540)	
Giant Co., Ltd.	43,260	648,190	228,813	419,377	851,185	(19,753)	(15,262)	
Giant Bicycle Company Pty. Ltd.	10,449	1,897,746	1,060,862	836,884	1,947,161	13,730	6,424	
Giant Bicycle Canada Inc.	24,302	1,262,790	732,535	530,255	1,379,555	77,778	35,578	
Giant Deutschland GmbH	9,498	2,257,934	1,490,364	767,570	4,409,687	106,873	57,722	
Giant France S.A.R.L.	142,149	2,237,482	1,566,821	670,661	3,415,036	96,470	43,765	
Giant U. K. Ltd.	77,379	2,139,152	1,474,425	664,727	2,049,639	(3,145)	(6,890)	
Giant Europe Manufacturing B.V.	7,679	5,384,631	3,113,207	2,271,424	7,622,495	48,372	24,902	
Giant Polska Sp. ZO.O.	1,169	587,026	268,998	318,028	617,102	6,163	12,996	
Giant Benelux B.V.	7,784	1,146,575	420,492	726,083	2,905,618	77,630	58,166	
Giant Korea Co., Ltd.	17,322	294,781	140,448	154,333	403,541	(10,290)	(9,112)	
Giant Bicycle Mexico S. de R.L. de C.V.	126,367	803,410	566,472	236,938	370,354	3,330	13,120	
Giant Italia S.R.L.	6,769	369,279	267,904	101,375	924,442	25,495	10,008	

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 Manufacturing Hungary Ltd.	2,369	5,357,949	3,950,807	1,407,142	3,674,646	75,326	(31,574)	
Golden Rich Limited	2,894	89,594	53,968	35,626	293,658	2,121	1,133	
Giant Vietnam Manufacturing Company Limited	614,700	802,694	284,937	517,757	19,935	(73,992)	(71,150)	
Gaiwin US I Investment Inc.	0	0	0	0	0	0	0	
GIANT SEA BICYCLE COMPANY LIMITED	461,025	461,025	0	461,025	0	0	0	
INNOVATION TECH INVESTMENTS PTE. LTD.	0	0	0	0	0	0	0	

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

Note 2: Gaiwin US I Investment Inc. and INNOVATION TECH INVESTMENTS PTE. LTD. had not contributed any capital as of December 31, 2023.

(2) Consolidated financial statements of affiliated companies

The entities required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as prepared in conformity with International Financial Reporting Standard No.10, “Consolidated Financial Statements”. The relevant information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Giant Manufacturing Co., Ltd. and Subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

(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 OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as prepared in conformity with International Financial Reporting Standard No.10, “Consolidated Financial Statements”. The relevant information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Giant Manufacturing Co., Ltd. and Subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Company: Giant Manufacturing. Co., Ltd.

Chairman: Bonnie Tu

March 13, 2024

2. Private Placement Securities in 2023 and as of the Date of this Annual Report: None.

3. Status of Common Shares Acquired, Disposed of, and Held by Subsidiaries in 2023 and as of the Date of this Annual Report: None.

4. Other Necessary Supplement: None.

Nine. Any Events in 2023 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 3, Article 36 of the Securities and Exchange Act in Taiwan: None.

The latest audited consolidated financial report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying 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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the reports of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 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, 2023. 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 consolidated financial statements.

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

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

Other Matter

We did not audit the financial statements of Microprogram Information Co., Ltd. ("Microprogram"), an investee accounted for by using the equity method, for the years ended December 31, 2023 and 2022, 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 aforementioned investments accounted for using the equity method were \$118,567 thousand and \$90,834 thousand, respectively, both representing 0.1% of the Group's consolidated assets as of December 31, 2023 and 2022. The comprehensive income of the investee was \$17,078 thousand and \$1,837 thousand, respectively, representing 0.5% and 0.03% of the Group's consolidated comprehensive income for the years ended December 31, 2023 and 2022, respectively.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2023, 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 25, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 14,792,315	18	\$ 11,954,584	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	31,512	-	441,130	1
Financial assets at amortized cost - current (Notes 4, 9 and 35)	1,072,875	1	1,572,508	2
Notes receivable (Notes 4, 10, 26 and 35)	124,617	-	117,090	-
Accounts receivable (Notes 4, 10, 26, 34 and 35)	12,549,841	15	16,110,300	17
Other receivables (Notes 10 and 34)	260,298	-	374,442	-
Inventories (Notes 4 and 11)	34,760,187	41	41,385,088	44
Other current assets (Note 14)	1,315,902	2	1,261,772	1
Total current assets	64,907,547	77	73,216,914	78
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	60,183	-	38,964	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	-	-	1,146,938	1
Investments accounted for using the equity method (Notes 4 and 13)	131,735	-	101,231	-
Property, plant and equipment (Notes 4 and 15)	13,101,779	16	13,091,836	14
Right-of-use assets (Notes 4 and 16)	2,934,693	4	2,611,790	3
Goodwill (Notes 4 and 17)	69,673	-	67,402	-
Other intangible assets (Notes 4 and 18)	330,617	-	415,534	1
Deferred tax assets (Notes 4 and 28)	2,674,866	3	2,099,996	2
Prepayments for equipment (Note 34)	313,685	-	489,350	1
Other non-current assets (Note 19)	98,559	-	254,824	-
Total non-current assets	19,715,790	23	20,317,865	22
TOTAL	\$ 84,623,337	100	\$ 93,534,779	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans (Notes 20 and 35)	\$ 18,169,514	21	\$ 21,508,034	23
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	33,200	-	33,058	-
Notes payable	1,401,506	2	2,097,881	2
Accounts payable (Note 34)	3,898,008	5	7,591,012	8
Other payables (Notes 22 and 34)	9,135,394	11	10,334,657	11
Current tax liabilities (Notes 4 and 28)	2,070,434	2	2,467,740	3
Provisions - current (Notes 4 and 23)	367,777	-	446,217	-
Lease liabilities - current (Notes 4 and 16)	559,948	1	528,110	1
Current portion of long-term borrowings (Note 20)	449,750	-	1,604,240	2
Other current liabilities (Note 26)	679,572	1	611,688	1
Total current liabilities	36,765,103	43	47,222,637	51
NON-CURRENT LIABILITIES				
Bonds payable (Note 21)	3,811,478	5	3,758,556	4
Long-term bank loans (Note 20)	3,439,568	4	2,389,708	3
Deferred tax liabilities (Notes 4 and 28)	2,125,580	3	1,865,301	2
Lease liabilities - non-current (Notes 4 and 16)	1,156,489	1	1,234,841	1
Deferred revenue - non-current (Notes 4 and 31)	904,244	1	964,245	1
Net defined benefit liabilities (Notes 4 and 24)	2,614	-	85,141	-
Other non-current liabilities (Note 23)	92,968	-	114,465	-
Total non-current liabilities	11,532,941	14	10,412,257	11
Total liabilities	48,298,044	57	57,634,894	62
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	3,920,646	5	3,920,646	4
Capital surplus	4,726,957	5	4,716,303	5
Retained earnings				
Legal reserve	6,531,622	8	5,939,679	6
Special reserve	1,904,900	2	2,522,195	3
Unappropriated earnings	18,581,965	22	18,161,869	19
Other equity	(1,984,825)	(2)	(1,904,900)	(2)
Total equity attributable to owners of the Company	33,681,265	40	33,355,792	35
NON-CONTROLLING INTERESTS	2,644,028	3	2,544,093	3
Total equity	36,325,293	43	35,899,885	38
TOTAL	\$ 84,623,337	100	\$ 93,534,779	100

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

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
NET SALES REVENUE (Notes 4, 26 and 34)	\$ 76,953,546	100	\$ 92,043,675	100
COST OF GOODS SOLD (Notes 11, 27 and 34)	<u>59,980,253</u>	<u>78</u>	<u>71,219,652</u>	<u>77</u>
GROSS PROFIT	<u>16,973,293</u>	<u>22</u>	<u>20,824,023</u>	<u>23</u>
OPERATING EXPENSES (Notes 27 and 34)				
Selling and marketing expenses	7,629,180	10	7,944,478	9
General and administrative expenses	2,654,608	3	2,855,958	3
Research and development expenses	1,455,205	2	1,531,809	2
Expected credit loss (Notes 4 and 10)	<u>524,980</u>	<u>1</u>	<u>577,339</u>	<u>-</u>
Total operating expenses	<u>12,263,973</u>	<u>16</u>	<u>12,909,584</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>4,709,320</u>	<u>6</u>	<u>7,914,439</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs (Note 27)	(1,123,818)	(1)	(427,656)	-
Share of profit of associates accounted for using the equity method (Note 13)	20,355	-	5,802	-
Interest income	628,123	1	326,861	-
Other gains and losses (Notes 27, 31 and 34)	243,018	-	213,945	-
Foreign exchange gain, net	292,222	-	703,859	1
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss	31,370	-	(12,474)	-
Gain (Loss) on disposal of property, plant and equipment, net	<u>(1,456)</u>	<u>-</u>	<u>13,243</u>	<u>-</u>
Total non-operating income and expenses	<u>89,814</u>	<u>-</u>	<u>823,580</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	4,799,134	6	8,738,019	10
INCOME TAX EXPENSE (Notes 4 and 28)	<u>1,232,742</u>	<u>1</u>	<u>2,561,488</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>3,566,392</u>	<u>5</u>	<u>6,176,531</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 24)	64,318	-	94,438	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(7,967)	-	(603)	-
Share of the other comprehensive income of associates accounted for using the equity method (Note 13)	146	-	-	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 28)	<u>(12,864)</u>	<u>-</u>	<u>(18,888)</u>	<u>-</u>
	<u>43,633</u>	<u>-</u>	<u>74,947</u>	<u>-</u>

(Continued)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	\$ (155,374)	-	\$ 806,247	1
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Note 13)	(351)	-	293	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 28)	<u>18,558</u>	<u>-</u>	<u>(154,474)</u>	<u>-</u>
	<u>(137,167)</u>	<u>-</u>	<u>652,066</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(93,534)</u>	<u>-</u>	<u>727,013</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,472,858</u>	<u>5</u>	<u>\$ 6,903,544</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,401,394	5	\$ 5,843,875	6
Non-controlling interests	<u>164,998</u>	<u>-</u>	<u>332,656</u>	<u>1</u>
	<u>\$ 3,566,392</u>	<u>5</u>	<u>\$ 6,176,531</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,372,923	5	\$ 6,536,720	7
Non-controlling interests	<u>99,935</u>	<u>-</u>	<u>366,824</u>	<u>1</u>
	<u>\$ 3,472,858</u>	<u>5</u>	<u>\$ 6,903,544</u>	<u>8</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 8.68</u>		<u>\$ 15.51</u>	
Diluted	<u>\$ 8.44</u>		<u>\$ 15.14</u>	

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

(Concluded)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023, AND 2022
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company											
	Ordinary Shares (Note 25)	Capital Surplus (Notes 4, 13, 25 and 30)	Retained Earnings (Note 25)			Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings			Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2022	\$ 3,750,646	\$ 1,792,401	\$ 5,350,968	\$ 1,938,124	\$ 17,165,872	\$ (2,523,179)	\$ 984	\$ 27,475,816	\$ 2,177,269	\$ 29,653,085		
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	588,711	-	(588,711)	-	-	-	-	-	-	
Special reserve	-	-	-	584,071	(584,071)	-	-	-	-	-	-	
Cash dividends distributed by the Company - \$10.0 per share	-	-	-	-	(3,750,646)	-	-	(3,750,646)	-	-	(3,750,646)	
Recognition of equity component of convertible bonds issued	-	263,283	-	-	-	-	-	263,283	-	-	263,283	
Issuance of ordinary shares for cash	170,000	2,584,000	-	-	-	-	-	2,754,000	-	-	2,754,000	
Shares-based payment arrangements	-	76,619	-	-	-	-	-	76,619	-	-	76,619	
Net profit for the year ended December 31, 2022	-	-	-	-	5,843,875	-	-	5,843,875	332,656	-	6,176,531	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	75,550	617,898	(603)	692,845	34,168	-	727,013	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	5,919,425	617,898	(603)	6,536,720	366,824	-	6,903,544	
BALANCE AT DECEMBER 31, 2022	3,920,646	4,716,303	5,939,679	2,522,195	18,161,869	(1,905,281)	381	33,555,792	2,544,093	35,899,885		
Appropriation of 2022 earnings	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	591,943	-	(591,943)	-	-	-	-	-	-	
Special reserve	-	-	-	(617,295)	617,295	-	-	-	-	-	-	
Cash dividends distributed by the Company - \$7.8 per share	-	-	-	-	(3,058,104)	-	-	(3,058,104)	-	-	(3,058,104)	
Changes in equity of associates accounted for using the equity method	-	10,654	-	-	-	-	-	10,654	-	-	10,654	
Net profit for the year ended December 31, 2023	-	-	-	-	3,401,394	-	-	3,401,394	164,998	-	3,566,392	
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	51,454	(75,055)	(4,870)	(28,471)	(65,063)	-	(93,534)	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	3,452,848	(75,055)	(4,870)	3,372,923	99,935	-	3,472,858	
BALANCE AT DECEMBER 31, 2023	3,920,646	4,726,957	6,531,622	1,904,900	18,581,965	(1,980,336)	(4,489)	33,681,265	2,644,028	36,325,293		

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

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,799,134	\$ 8,738,019
Adjustments for:		
Depreciation and amortization expenses	2,422,759	2,143,995
Expected credit loss	524,980	577,339
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(31,370)	12,474
Finance costs	1,123,818	427,656
Interest income	(628,123)	(326,861)
Dividend income	(83)	(118)
Compensation cost of employee share options	-	76,619
Share of profit or loss of associates accounted for using the equity method	(20,355)	(5,802)
Loss (gain) on disposal of property, plant and equipment, net	1,456	(13,243)
Write-down of inventories	1,285,588	589,524
Unrealized loss (gain) on foreign currency exchange, net	(6,899)	61,201
Realized deferred revenue	(34,155)	(125,864)
Loss (gain) on lease modification	279	(1,952)
Net changes in operating assets and liabilities		
Notes receivable	(9,348)	(18,978)
Accounts receivable	3,171,111	(2,008,667)
Other receivables	72,145	662
Inventories	5,927,165	(9,880,367)
Other current assets	(37,750)	372,940
Notes payable	(660,311)	67,021
Accounts payable	(3,658,948)	440,188
Other payables	(1,291,582)	1,620,979
Provisions	(96,863)	(68,763)
Other current liabilities	71,948	(3,456)
Net defined benefit liabilities	(18,209)	(23,240)
Cash generated from operations	12,906,387	2,651,306
Interest received	667,654	256,339
Interest paid	(1,029,213)	(356,316)
Income tax paid	(1,955,025)	(2,039,756)
Net cash generated from operating activities	<u>10,589,803</u>	<u>511,573</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(30,000)	-
Purchase of financial assets at amortized cost	(149,152)	(363,633)
Proceeds from sale of financial assets at amortized cost	1,767,528	69,900
Purchase of financial assets at fair value through profit or loss	-	(441,130)
Proceeds from sale of financial assets at fair value through profit or loss	439,291	2,208,684
Payments for property, plant and equipment	(1,194,322)	(1,682,770)

(Continued)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 97,088	\$ 159,886
Payments for intangible assets	(127,398)	(57,944)
Payments for right-of-use assets	(527,127)	(170,367)
Decrease in other non-current assets	153,426	303,935
Increase in prepayments for equipment	(465,397)	(788,947)
Other dividends received	83	118
Proceeds from government grants	<u>3,826</u>	<u>131,621</u>
Net cash used in investing activities	<u>(32,154)</u>	<u>(630,647)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	(3,589,762)	1,275,844
Proceeds from issuance of convertible bonds	-	4,015,190
Proceeds from long-term bank loans	1,873,999	818,712
Repayments of long-term bank loans	(2,073,343)	(122,917)
Repayment of the principal portion of lease liabilities	(330,943)	(282,081)
Decrease in other non-current liabilities	(2,828)	(98,471)
Dividends paid to owners of the Company	(3,058,104)	(3,750,646)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>2,754,000</u>
Net cash generated from (used in) financing activities	<u>(7,180,981)</u>	<u>4,609,631</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(538,937)</u>	<u>(250,359)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,837,731	4,240,198
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,954,584</u>	<u>7,714,386</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 14,792,315</u>	<u>\$ 11,954,584</u>

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

(Concluded)

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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 13, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- 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 IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

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

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

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12, tables 8 and 9 for detailed information on subsidiaries (including percentage of ownership and main businesses).

e. Foreign currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of foreign operations (including subsidiaries and associates that use currencies that are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

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

f. Inventories

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

g. Investments in associates

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

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

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

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

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

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

h. Property, plant and equipment

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

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

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

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

j. Goodwill

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

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

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

k. Intangible assets

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

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

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

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

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

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

m. Financial instruments

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

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 33.

ii. Financial assets at amortized cost

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

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

Fair value is determined in the manner described in Note 33.

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

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

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

o. Revenue recognition

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

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

1) Revenue from the sale of goods

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

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

2) Revenue from the rendering of services

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

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

3) Construction contract revenue

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

p. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

t. Share-based payment arrangements

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

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

u. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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. MATERIAL 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.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by management.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and petty cash	\$ 2,605	\$ 2,337
Checking accounts and demand deposits	14,193,315	11,405,855
Cash equivalents		
Commercial papers	194,000	221,930
Time deposits with original maturities of less than three months	497,501	325,870
	<u>14,887,421</u>	<u>11,955,992</u>
Less: Pledged time deposits (Note 35)	<u>(95,106)</u>	<u>(1,408)</u>
	<u>\$ 14,792,315</u>	<u>\$ 11,954,584</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Wealth management products	\$ -	\$ 441,130
Foreign exchange forward contracts (a)	727	-
Swap contracts (b)	<u>30,785</u>	<u>-</u>
	<u>\$ 31,512</u>	<u>\$ 441,130</u>

(Continued)

	December 31	
	2023	2022
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Foreign exchange forward contracts (a)	\$ -	\$ 5,858
Redemption and put options of convertible bonds (Note 21)	<u>33,200</u>	<u>27,200</u>
	<u>\$ 33,200</u>	<u>\$ 33,058</u>
		(Concluded)

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

	Currency	Maturity Date	Notional Amount (In Thousands)	Range of Interest Rates Received
<u>December 31, 2023</u>				
Sell	USD/NTD	2024.1.10	USD1,100/NTD34,474	31.34
<u>December 31, 2022</u>				
Sell	USD/NTD	2023.1.4-2023.1.31	USD24,500/NTD748,293	30.37-30.64
	EUR/NTD	2023.1.19	EUR11,350/NTD368,491	32.35-32.60
	USD/JPY	2023.1.5	USD2,000/JPY265,000	132.5

- b. At the end of the year, outstanding swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Swap contracts	EUR/NTD	2024.5.15-2024.6.14	EUR90,000/NTD3,058,270

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Investments in equity instruments - non-current</u>		
Domestic listed company	\$ 1,379	\$ 1,468
Domestic unlisted company	29,486	-
Foreign unlisted company	<u>29,318</u>	<u>37,496</u>
	<u>\$ 60,183</u>	<u>\$ 38,964</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 977,769	\$ 1,570,100
Pledged deposits (b)	<u>95,106</u>	<u>2,408</u>
	<u>\$ 1,072,875</u>	<u>\$ 1,572,508</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ _____ -	\$ <u>1,146,938</u>

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.59%-4.00% and 0.41%-5.3% per annum as of December 31, 2023 and 2022, respectively.

b. Refer to Note 35 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
Notes receivable	\$ <u>124,617</u>	\$ <u>117,090</u>
<u>Accounts receivable</u>		
Accounts receivable	\$ 14,015,899	\$ 17,057,011
Less: Allowance for impairment loss	<u>(1,466,058)</u>	<u>(946,711)</u>
	<u>\$ 12,549,841</u>	<u>\$ 16,110,300</u>
<u>Other Receivables</u>		
Other Receivables	\$ 267,198	\$ 381,846
Less: Allowance for impairment loss	<u>(6,900)</u>	<u>(7,404)</u>
	<u>\$ 260,298</u>	<u>\$ 374,442</u>

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

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position and the economic condition of the industry in which the debtors operate. Due to indication of default on certain customers, the Group uses different provision matrixes from other customers and determines the expected credit loss ratio by reference to expected recoverable amounts.

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

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

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Indication of Default	Total
<u>December 31, 2023</u>						
Expected credit loss rate	0%-3%	0.5%-70%	30%-90%	80%-100%	100%	
Gross carrying amount	\$ 10,860,072	\$ 1,700,963	\$ 426,512	\$ 558,991	\$ 593,978	\$ 14,140,516
Loss allowance (lifetime ECL)	<u>(63,059)</u>	<u>(193,048)</u>	<u>(142,198)</u>	<u>(473,775)</u>	<u>(593,978)</u>	<u>(1,466,058)</u>
Amortized cost	<u>\$ 10,797,013</u>	<u>\$ 1,507,915</u>	<u>\$ 284,314</u>	<u>\$ 85,216</u>	<u>\$ -</u>	<u>\$ 12,674,458</u>
<u>December 31, 2022</u>						
Expected credit loss rate	0%-3%	0.5%-70%	30%-90%	80%-100%	80%	
Gross carrying amount	\$ 14,362,808	\$ 1,670,495	\$ 473,403	\$ 274,635	\$ 392,760	\$ 17,174,101
Loss allowance (lifetime ECL)	<u>(85,884)</u>	<u>(100,483)</u>	<u>(176,805)</u>	<u>(268,630)</u>	<u>(314,909)</u>	<u>(946,711)</u>
Amortized cost	<u>\$ 14,276,924</u>	<u>\$ 1,570,012</u>	<u>\$ 296,598</u>	<u>\$ 6,005</u>	<u>\$ 77,851</u>	<u>\$ 16,227,390</u>

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

	For the Year Ended December 31			
	2023		2022	
	Accounts Receivable	Other Receivables	Accounts Receivable	Other Receivables
Balance at January 1	\$ 946,711	\$ 7,404	\$ 391,572	\$ 676
Add (less): Net remeasurement (reversed) of loss allowance	525,473	(493)	570,622	6,717
Less: Amounts written off	(11,373)	-	(34,927)	-
Foreign exchange gains and losses	<u>5,247</u>	<u>(11)</u>	<u>19,444</u>	<u>11</u>
Balance at December 31	<u>\$ 1,466,058</u>	<u>\$ 6,900</u>	<u>\$ 946,711</u>	<u>\$ 7,404</u>

Refer to Note 35 for information relating to notes receivable and accounts receivable pledged as security.

11. INVENTORIES

	December 31	
	2023	2022
Finished goods and merchandise	\$ 25,268,850	\$ 23,701,585
Work in process	279,294	670,547
Raw materials and supplies	<u>9,212,043</u>	<u>17,012,956</u>
	<u>\$ 34,760,187</u>	<u>\$ 41,385,088</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$58,504,254 thousand and \$70,029,461 thousand, respectively. The cost of goods sold for the years ended December 31, 2023 and 2022 included inventory write-downs of \$1,285,588 thousand and \$589,524 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			2023	2022	
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	
	Giant Vietnam Manufacturing Company Limited (“Giant Vietnam Mfg.”)	Manufacture and sale of bicycles	100	100	
	Giant Sea Bicycle Company Limited (“Giant Sea Bicycle”)	Manufacture and sale of bicycles	100	-	
	(Note 1)				

(Continued)

Investor	Investee	Main Business	% of Ownership	
			2023	2022
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	Gaiwin US I Investment Inc. ("Gaiwin US") (Note 2)	Overseas reinvested holding company	100	100
	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
	Giant UK	GDC Logistics Ltd. (GDC) (Note 3)	Sales businesses	-
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")	Sale of bicycles and related products	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

(Continued)

Investor	Investee	Main Business	% of Ownership December 31	
			2023	2022
Giant Holding	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
	Innovation Tech Investment Pte. Ltd. ("Innovation Tech") (Note 4)	Overseas reinvested holding company	100	-

(Concluded)

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

Note 2: A newly established subsidiary is principally engaged in the investment business without contributed capital as of December 31, 2023.

Note 3: GDC was dissolved in March 2023.

Note 4: A newly established subsidiary is principally engaged in the investment business without contributing capital as of December 31, 2023.

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	
	2023	2022
Investments in insignificant associates	\$ 131,735	\$ 101,231
	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Net profit for the year	\$ 20,355	\$ 5,802
Other comprehensive income (loss)	(205)	293
Total comprehensive income for the year	\$ 20,150	\$ 6,095

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

Refer to Tables 8 and 9 for the nature of activities, principal places of business, ownership percentage, and countries of incorporation of the abovementioned associates.

In March 2023, Microprogram Information Co., Ltd. (“Microprogram”) had a cash capital increase of \$18,000 thousand. The Company subscribed for additional new shares of Microprogram at a percentage different from its existing ownership percentage, reduced its continuing interest from 27% to 20%, and increased the capital surplus by \$10,654 thousand.

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, 2023 and 2022 were based on the associate’s financial statements audited by the auditors for the same years. Meiki Giant’s financial statements have not been audited by the auditors. However, management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Meiki Giant which have not been audited.

14. OTHER CURRENT ASSETS

	December 31	
	2023	2022
Value - added tax	\$ 733,622	\$ 759,142
Prepaid expenses	271,320	279,999
Prepayments for purchases	135,701	156,301
Others	<u>175,259</u>	<u>66,330</u>
	<u>\$ 1,315,902</u>	<u>\$ 1,261,772</u>

15. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2023					
	Beginning Balance	Additions	Disposals	Reclassified	Translation Differences	Ending Balance
<u>Cost</u>						
Land	\$ 999,356	\$ -	\$ -	\$ -	\$ (604)	\$ 998,752
Buildings	10,115,952	264,924	(25,796)	35,378	(49,754)	10,340,704
Machinery equipment	8,612,629	304,385	(142,793)	801,956	(149,381)	9,426,796
Transportation equipment	337,162	19,777	(38,614)	925	(4,086)	315,164
Office equipment	370,489	27,303	(19,054)	5,435	(2,095)	382,078
Furniture and fixtures	28,967	2,215	(1,618)	(14,125)	(77)	15,362
Other equipment	4,029,098	421,426	(136,599)	258,159	4,691	4,576,775
Construction in progress	<u>707,263</u>	<u>259,472</u>	<u>(69,964)</u>	<u>(463,673)</u>	<u>(1,083)</u>	<u>432,015</u>
	<u>25,200,916</u>	<u>\$ 1,299,502</u>	<u>\$ (434,438)</u>	<u>\$ 624,055</u>	<u>\$ (202,389)</u>	<u>26,487,646</u>
<u>Accumulated depreciation</u>						
Buildings	3,474,465	\$ 418,143	\$ (24,019)	\$ -	\$ (48,677)	3,819,912
Machinery equipment	5,240,316	710,608	(126,169)	-	(92,136)	5,732,619
Transportation equipment	249,535	28,578	(34,586)	-	(3,334)	240,193
Office equipment	267,847	32,790	(18,804)	-	(2,130)	279,703
Furniture and fixtures	14,668	2,142	(1,573)	(3,726)	(42)	11,469
Other equipment	<u>2,831,083</u>	<u>567,851</u>	<u>(130,150)</u>	<u>(3,031)</u>	<u>6,357</u>	<u>3,272,110</u>
	<u>12,077,914</u>	<u>\$ 1,760,112</u>	<u>\$ (335,301)</u>	<u>\$ (6,757)</u>	<u>\$ (139,962)</u>	<u>13,356,006</u>

(Continued)

For the Year Ended December 31, 2023

	Beginning Balance	Additions	Disposals	Reclassified	Translation Differences	Ending Balance
<u>Accumulated impairment</u>						
Machinery equipment	\$ 26,803	\$ -	\$ (441)	\$ -	\$ (614)	\$ 25,748
Other equipment	4,363	-	(152)	-	(98)	4,113
	<u>31,166</u>	<u>\$ -</u>	<u>\$ (593)</u>	<u>\$ -</u>	<u>\$ (712)</u>	<u>29,861</u>
	<u>\$ 13,091,836</u>					<u>\$ 13,101,779</u>
						(Concluded)

For the Year Ended December 31, 2022

	Beginning Balance	Additions	Disposals	Reclassified	Translation Differences	Ending Balance
<u>Cost</u>						
Land	\$ 995,133	\$ -	\$ -	\$ -	\$ 4,223	\$ 999,356
Buildings	9,206,313	395,078	(11,984)	371,872	154,673	10,115,952
Machinery equipment	7,557,682	360,667	(142,228)	735,799	100,709	8,612,629
Transportation equipment	327,512	31,929	(30,644)	2,742	5,623	337,162
Office equipment	340,061	20,458	(8,533)	12,459	6,044	370,489
Furniture and fixtures	18,992	1,917	(1,129)	9,131	56	28,967
Other equipment	3,243,570	446,171	(126,268)	378,779	86,846	4,029,098
Construction in progress	1,159,229	404,913	(107,846)	(770,809)	21,776	707,263
	<u>22,848,492</u>	<u>\$ 1,661,133</u>	<u>\$ (428,632)</u>	<u>\$ 739,973</u>	<u>\$ 379,950</u>	<u>25,200,916</u>
<u>Accumulated depreciation</u>						
Buildings	3,048,348	\$ 396,350	\$ (9,595)	\$ (2,168)	\$ 41,530	3,474,465
Machinery equipment	4,673,069	630,493	(123,025)	(94)	59,873	5,240,316
Transportation equipment	245,430	29,520	(28,565)	(1,379)	4,529	249,535
Office equipment	252,066	28,815	(7,389)	(10,029)	4,384	267,847
Furniture and fixtures	15,127	2,962	(975)	(2,484)	38	14,668
Other equipment	2,402,183	473,200	(112,404)	(248)	68,352	2,831,083
	<u>10,636,223</u>	<u>\$ 1,561,340</u>	<u>\$ (281,953)</u>	<u>\$ (16,402)</u>	<u>\$ 178,706</u>	<u>12,077,914</u>
<u>Accumulated impairment</u>						
Machinery equipment	26,418	\$ -	\$ (36)	\$ -	\$ 421	26,803
Other equipment	4,295	-	-	-	68	4,363
	<u>30,713</u>	<u>\$ -</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ 489</u>	<u>31,166</u>
	<u>\$ 12,181,556</u>					<u>\$ 13,091,836</u>

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

Buildings	
Main buildings	3-60 years
Electrical power equipment	5-50 years
Others	5-15 years
Machinery equipment	2-15 years
Transportation equipment	1-8 years
Office equipment	1-20 years
Furniture and fixtures	1-20 years
Other equipment	1-15 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 1,543,886	\$ 1,156,280
Buildings	1,247,839	1,348,932
Others	<u>142,968</u>	<u>106,578</u>
	<u>\$ 2,934,693</u>	<u>\$ 2,611,790</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 783,826</u>	<u>\$ 768,870</u>
Depreciation charge for right-of-use assets		
Land	\$ 31,555	\$ 30,410
Buildings	344,969	314,260
Others	<u>69,120</u>	<u>45,448</u>
	<u>\$ 445,644</u>	<u>\$ 390,118</u>

Except for additions and the recognized depreciation expenses listed above, the Group's right-of-use assets did not have significant subleases or impairment for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 559,948</u>	<u>\$ 528,110</u>
Non-current	<u>\$ 1,156,489</u>	<u>\$ 1,234,841</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	0.26%-4.65%	0.26%-2.07%
Buildings	0.17%-12.88%	0.17%-8.47%
Others	0.17%-8.00%	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 and Vietnam. 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	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 67,402	\$ 64,367
Effect of foreign currency exchange differences	<u>2,271</u>	<u>3,035</u>
Balance at December 31	<u>\$ 69,673</u>	<u>\$ 67,402</u>

18. OTHER INTANGIBLE ASSETS

	December 31	
	2023	2022
Computer software cost	\$ 299,212	\$ 376,627
Others	<u>31,405</u>	<u>38,907</u>
	<u>\$ 330,617</u>	<u>\$ 415,534</u>

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

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

19. CASH SURRENDER VALUE OF ANNUITY INSURANCE

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

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

	For the Year Ended December 31, 2022
Balance at January 1	\$ 6,198
Annuity insurance payment for the year	9,819
Annuity insurance received for the year	(16,117)
Increase in cash surrender value	<u>100</u>
Balance at December 31	<u>\$ -</u>

20. LOANS

a. Short-term bank loans

	December 31	
	2023	2022
<u>Secured bank loans</u> (Note 35)		
Notes and accounts receivable secured loans	\$ -	\$ 1,328,642
<u>Unsecured bank loans</u>		
Line of credit loans	<u>18,169,514</u>	<u>20,179,392</u>
	<u>\$ 18,169,514</u>	<u>\$ 21,508,034</u>
<u>Effective interest rates (%)</u>		
Notes and accounts receivable secured loans	-	1.1-5.35
Line of credit loans	0.14-13.53	0.17-12.1

b. Long-term bank loans

	December 31	
	2023	2022
<u>Unsecured bank loans</u>		
Line of credit loans	\$ 3,937,950	\$ 4,073,133
Less: Current portion of long-term borrowings	(449,750)	(1,604,240)
Less: Discounts on government grants (Note 31)	<u>(48,632)</u>	<u>(79,185)</u>
	<u>\$ 3,439,568</u>	<u>\$ 2,389,708</u>
Effective interest rates (%)	0.60-7.40	0.35-3.85

Line of credit loans are due between 2023 and 2029.

21. BONDS PAYABLE

	December 31	
	2023	2022
Domestic unsecured convertible bonds	\$ 4,000,000	\$ 4,000,000
Less: Discount on bonds payable	<u>(188,522)</u>	<u>(241,444)</u>
	<u>\$ 3,811,478</u>	<u>\$ 3,758,556</u>

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

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

a. Put option of the bondholders

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

b. Redemption right of the Company

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

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

Proceeds from issuance (net of transaction cost of \$4,810 thousand)	\$ 4,015,190
Equity component (net of transaction cost allocated to the equity component of \$317 thousand)	(263,283)
Derivatives from the redemption right and put option	<u>(22,000)</u>
Liability component as of the issue date (net of transaction cost allocated to the liability component of \$4,493 thousand)	3,729,907
Interest calculated using an effective interest rate of 1.399%	<u>28,649</u>
Liability component as of December 31, 2022	3,758,556
Interest calculated using an effective interest rate of 1.399%	<u>52,922</u>
Liability component as of December 31, 2023	<u>\$ 3,811,478</u>

22. OTHER PAYABLES

	<u>December 31</u>	
	2023	2022
Payables for salaries and bonuses	\$ 2,144,848	\$ 2,715,706
Payables for compensation of employees and remuneration of directors	1,767,278	1,672,718
Payables for purchase of equipment	373,842	272,711
Payables for annual leave	194,326	164,816
Others	<u>4,655,100</u>	<u>5,508,706</u>
	<u>\$ 9,135,394</u>	<u>\$ 10,334,657</u>

23. PROVISIONS

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Warranties (a)	\$ 286,933	\$ 323,472
Sales returns and allowances (b)	<u>80,844</u>	<u>122,745</u>
	<u>\$ 367,777</u>	<u>\$ 446,217</u>
<u>Non-current (classified as other non-current liabilities)</u>		
Warranties (a)	\$ 14,357	\$ 15,850
Decommissioning (c)	<u>15,632</u>	<u>32,079</u>
	<u>\$ 29,989</u>	<u>\$ 47,929</u>

- a. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.
- b. The provision of sales returns and allowances was based on historical experience, management's judgments and other known reasons estimated product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the year of the related goods sold.
- c. The provision for decommissioning consists of estimated costs of dismantling and removal of structure and recovery of the site at the end of the lease period.

24. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 604,568	\$ 720,382
Fair value of plan assets	<u>(601,954)</u>	<u>(635,241)</u>
Net defined benefit liabilities	<u>\$ 2,614</u>	<u>\$ 85,141</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, 2022	\$ 812,510	\$ (609,812)	\$ 202,698
Service cost			
Current service cost	3,874	-	3,874
Net interest expense (income)	<u>5,078</u>	<u>(3,898)</u>	<u>1,180</u>
Recognized in profit or loss	<u>8,952</u>	<u>(3,898)</u>	<u>5,054</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(47,781)	(47,781)
Actuarial gain - changes in financial assumptions	(31,217)	-	(31,217)
Actuarial gain - experience adjustments	<u>(15,440)</u>	<u>-</u>	<u>(15,440)</u>
Recognized in other comprehensive income	<u>(46,657)</u>	<u>(47,781)</u>	<u>(94,438)</u>
Contributions from the employer	-	(24,586)	(24,586)
Benefits paid	(50,836)	50,836	-
Payments from the employer	<u>(3,587)</u>	<u>-</u>	<u>(3,587)</u>
Balance at December 31, 2022	<u>\$ 720,382</u>	<u>\$ (635,241)</u>	<u>\$ 85,141</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ 720,382	\$ (635,241)	\$ 85,141
Service cost			
Current service cost	2,189	-	2,189
Net interest expense (income)	9,879	(8,888)	991
Recognized in profit or loss	12,068	(8,888)	3,180
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,456)	(4,456)
Actuarial loss - changes in financial assumptions	5,665	-	5,665
Actuarial gain - experience adjustments	(65,527)	-	(65,527)
Recognized in other comprehensive income	(59,862)	(4,456)	(64,318)
Contributions from the employer	-	(21,389)	(21,389)
Benefits paid	(68,020)	68,020	-
Balance at December 31, 2023	\$ 604,568	\$ (601,954)	\$ 2,614

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rates	1.25%	1.13%-1.38%
Expected rates of salary increase	2.50%	2.50%

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rates		
0.25% increase	<u>\$ (11,537)</u>	<u>\$ (14,733)</u>
0.25% decrease	<u>\$ 11,894</u>	<u>\$ 15,209</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 11,549</u>	<u>\$ 14,784</u>
0.25% decrease	<u>\$ (11,261)</u>	<u>\$ (14,391)</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Expected contributions to the plans for the next year	<u>\$ 23,454</u>	<u>\$ 26,413</u>
Average duration of the defined benefit obligation	5.6-7.8 years	6-8.4 years

25. EQUITY

a. Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Shares authorized (in thousands of shares)	<u>495,000</u>	<u>495,000</u>
Shares authorized	<u>\$ 4,950,000</u>	<u>\$ 4,950,000</u>
Shares issued and fully paid (in thousands of shares)	<u>392,065</u>	<u>392,065</u>

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

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

b. Capital surplus

	December 31	
	2023	2022
Share premium	\$ 4,284,624	\$ 4,284,624
Recognition of equity component of convertible bonds	263,283	263,283
Employee share options	95,401	95,401
Changes in percentage of ownership interests in subsidiaries	71,570	71,570
Changes in equity of associates accounted for using the equity method	10,654	-
Changes in capital surplus from investments in associates accounted for using the equity method	1,245	1,245
Others	<u>180</u>	<u>180</u>
	<u>\$ 4,726,957</u>	<u>\$ 4,716,303</u>

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

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 27-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 IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 which were approved in the shareholders' meetings on June 21, 2023, and June 23, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 591,943	\$ 588,711		
Special reserve (reversed)	(617,295)	584,071		
Cash dividends	3,058,104	3,750,646	\$ 7.8	\$ 10

The appropriation of earnings and dividends per share for 2023 which was proposed by the Company's board of directors on March 13, 2024 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 345,285	
Special reserve	79,925	
Cash dividends	1,960,323	\$ 5

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in their meeting to be held on June 21, 2024.

d. Special reserve

The increase in retained earnings that resulted from the first-time adoption of IFRS Accounting Standards 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 IFRS Accounting Standards adjustments on transitions to IFRS Accounting Standards. 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 IFRS Accounting Standards relating to land may be reversed on disposal or reclassification. A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed.

26. REVENUE

Operating revenue

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers	<u>\$76,953,546</u>	<u>\$92,043,675</u>

Contract balances

	December 31		January 1
	2023	2022	2022
Notes receivable	\$ 124,617	\$ 117,090	\$ 97,118
Accounts receivable	12,549,841	16,110,300	14,259,880
	\$ 12,674,458	\$ 16,227,390	\$ 14,356,998
Contract liabilities - current	\$ 184,768	\$ 243,322	\$ 227,015

Refer to Note 39 for details of revenue information.

27. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 1,046,560	\$ 382,846
Interest on lease liabilities	24,336	16,161
Interest on bonds	52,922	28,649
	\$ 1,123,818	\$ 427,656

b. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31					
	2023			2022		
	Operating Costs	Operating and Non-operating Expenses	Total	Operating Costs	Operating and Non-operating Expenses	Total
Short-term employee benefits	\$ 5,175,146	\$ 3,480,139	\$ 8,655,285	\$ 6,314,574	\$ 4,143,201	\$ 10,457,775
Labor insurance, health insurance and social welfare insurance	498,050	521,621	1,019,671	472,251	341,639	813,890
Post-employment benefits						
Defined contribution plans	407,423	197,101	604,524	396,733	194,165	590,898
Defined benefit plans	1,400	1,780	3,180	2,588	2,466	5,054
Other employee benefits	407,790	316,154	723,944	482,210	385,675	867,885
Depreciation and amortization expenses	1,064,728	1,358,031	2,422,759	904,324	1,239,671	2,143,995

c. Employees' compensation and remuneration of directors

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. The employees' compensation and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 13, 2024 and March 10, 2023, respectively, were as follows:

	For the Year Ended December 31			
	2023		2022	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	7.0%	\$ 322,534	7.1%	\$ 538,258
Remuneration of directors	2.0%	92,067	2.0%	152,366

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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.

28. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 1,655,535	\$ 2,761,225
Income tax on unappropriated earnings	144,334	48,184
Adjustments for prior years	(109,220)	48,941
Others	<u>(137,540)</u>	<u>41,796</u>
	1,553,109	2,900,146
Deferred tax		
In respect of the current year	(385,995)	(266,058)
Effect of tax rate changes	<u>65,628</u>	<u>(72,600)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,232,742</u>	<u>\$ 2,561,488</u>

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

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 1,787,878	\$ 2,993,800
Permanent differences	(622,885)	(599,356)
Temporary differences	499,217	367,663
Loss carryforwards used	(8,675)	(882)
Income tax on unappropriated earnings	<u>144,334</u>	<u>48,184</u>
Current income tax expense	1,799,869	2,809,409

(Continued)

	For the Year Ended December 31	
	2023	2022
Deferred income tax expense		
Temporary differences	\$ (385,995)	\$ (266,058)
Effect of tax rate changes	65,628	(72,600)
Others	(137,540)	41,796
Adjustments for prior years' tax	<u>(109,220)</u>	<u>48,941</u>
Income tax expense recognized in profit or loss	<u>\$ 1,232,742</u>	<u>\$ 2,561,488</u> (Concluded)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (12,864)	\$ (18,888)
Exchange differences on translation of the financial statements of foreign operations	<u>18,558</u>	<u>(154,474)</u>
Total income tax recognized in other comprehensive income	<u>\$ 5,694</u>	<u>\$ (173,362)</u>

c. Deferred tax assets and liabilities

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

	For the Year Ended December 31, 2023				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	\$ 501,463	\$ -	\$ 18,558	\$ -	\$ 520,021
Deferred recognition of bonuses payable	254,579	73,528	-	(1,935)	326,172
Deferred government grants	78,931	(2,375)	-	(1,787)	74,769
Allowance for inventory devaluation	164,390	82,194	-	(448)	246,136
Unrealized intercompany profit	272,730	241,369	-	-	514,099
Provisions	46,368	(10,568)	-	(311)	35,489
Allowance for impairment loss	112,644	52,662	-	(252)	165,054
Defined benefit obligations	36,509	234	(12,864)	-	23,879
Others	<u>632,382</u>	<u>145,393</u>	<u>-</u>	<u>(8,528)</u>	<u>769,247</u>
	<u>\$ 2,099,996</u>	<u>\$ 582,437</u>	<u>\$ 5,694</u>	<u>\$ (13,261)</u>	<u>\$ 2,674,866</u> (Continued)

For the Year Ended December 31, 2023

	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	\$ 1,702,974	\$ 272,632	\$ -	\$ (741)	\$ 1,974,865
Reserve for land revaluation increment tax	98,974	-	-	-	98,974
Defined benefit obligations	39,835	3,667	-	-	43,502
Others	<u>23,518</u>	<u>(14,229)</u>	<u>-</u>	<u>(1,050)</u>	<u>8,239</u>
	<u>\$ 1,865,301</u>	<u>\$ 262,070</u>	<u>\$ -</u>	<u>\$ (1,791)</u>	<u>\$ 2,125,580</u> (Concluded)

For the Year Ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	\$ 655,937	\$ -	\$ (154,474)	\$ -	\$ 501,463
Deferred recognition of bonuses payable	230,580	23,718	-	281	254,579
Deferred government grants	80,413	(2,772)	-	1,290	78,931
Allowance for inventory devaluation	66,021	98,171	-	198	164,390
Unrealized intercompany profit	130,551	142,179	-	-	272,730
Provisions	38,467	7,808	-	93	46,368
Allowance for impairment loss	19,657	92,804	-	183	112,644
Defined benefit obligations	52,855	2,542	(18,888)	-	36,509
Others	<u>459,302</u>	<u>169,758</u>	<u>-</u>	<u>3,322</u>	<u>632,382</u>
	<u>\$ 1,733,783</u>	<u>\$ 534,208</u>	<u>\$ (173,362)</u>	<u>\$ 5,367</u>	<u>\$ 2,099,996</u>

Deferred Tax Liabilities

Temporary differences					
Unappropriated earnings of subsidiaries	\$ 1,471,618	\$ 181,346	\$ -	\$ 50,010	\$ 1,702,974
Reserve for land revaluation increment tax	98,974	-	-	-	98,974
Defined benefit obligations	34,671	5,164	-	-	39,835
Others	<u>14,799</u>	<u>9,040</u>	<u>-</u>	<u>(321)</u>	<u>23,518</u>
	<u>\$ 1,620,062</u>	<u>\$ 195,550</u>	<u>\$ -</u>	<u>\$ 49,689</u>	<u>\$ 1,865,301</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expire in 2024 to 2027	<u>\$ 26,496</u>	<u>\$ 90,031</u>

- e. Income tax assessments

The income tax returns of the Company through 2020 and Giant Sales, Giant Adventure, YouBike and AIPS through 2021 have been assessed by the tax authorities.

- f. The income tax rate applicable to the Group's subsidiaries in China is 25%. According to Measures for the Administration of the Recognition of Hi-tech Enterprises, a designated high and new technology enterprise is allowed a 15% income tax rate. The income tax expenses generated from other subsidiaries are calculated based on local tax rates.

- g. Pillar Two income taxes

In December 2023, the government where Giant Vietnam Mfg., Giant Japan, Giant Korea, Giant UK, Giant Germany, Gaiwin, Giant Europe Mfg., Giant Europe and Giant Benelux is incorporated, enacted or substantively enacted the Pillar Two income tax legislation effective from January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

Under the legislation, Giant Vietnam Mfg., Giant Japan, Giant Korea, Giant UK, Giant Germany, Gaiwin, Giant Europe Mfg., Giant Europe and Giant Benelux will be required to pay, in incorporated countries, a top-up tax on the profits of its group entities that are taxed at an effective tax rate of less than 15 percent. As of December 31, 2023, approximately 9 percent of the Group's annual profits may be subject to tax, which is currently taxed at the average effective tax rate applicable to those profits of 25 to 33 percent. This information is based on the profits and tax expenses determined as part of the preparation of the Group's consolidated financial statements, considering that only the application of certain adjustments may have been required by the legislation. Because not all adjustments that would have been required by the legislation were made, the actual impact of the Pillar Two income tax legislation on the Group's results had it been in effect for the year ending December 31, 2023 may be significantly different. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

29. 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, 2023</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 3,401,394	392,065	<u>\$ 8.68</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	2,251	
Convertible bonds	<u>42,338</u>	<u>13,720</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 3,443,732</u>	<u>408,036</u>	<u>\$ 8.44</u>
<u>For the year ended December 31, 2022</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 5,843,875	376,834	<u>\$ 15.51</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	3,143	
Convertible bonds	<u>22,919</u>	<u>7,593</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 5,866,794</u>	<u>387,570</u>	<u>\$ 15.14</u>

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

30. SHARE-BASED PAYMENT ARRANGEMENT

Issuance of shares from cash capital increase reserved for employee subscription

On March 25, 2022, the Company's board of directors resolved to issue ordinary shares for cash and reserved 1,700 thousand shares for employee subscription in accordance with the Company Act. For the waiver of subscribed shares by employees or the undersubscribed portion, the chairman was authorized to designate specific parties for the subscription.

On November 4, 2022, Black-Scholes pricing model was used for the issuance of shares from cash capital increase reserved for employee subscription, and the inputs to the model were as follows:

November 4, 2022

Grant-date share price (NT\$)	207
Exercise price (NT\$)	162
Expected volatility (%)	32.88
Expected life (in years)	0.041
Risk-free interest rate (%)	1.0012

The Company recognized a compensation cost of \$76,619 thousand under the above share-based payment arrangement for the year ended December 31, 2022.

31. GOVERNMENT GRANTS

As of December 31, 2023, the Group received a preferential interest rate loan of \$1,799,000 thousand from the government's "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan". The amount was used in capital expenditure and operating turnover. The loan was expected to be repaid in installments between 2022 and 2027. Using the prevailing market interest rate at an equivalent loan rate of 1.35%-1.6%, the fair value of the loan was estimated at \$1,627,734 thousand on initial recognition. The difference of \$171,266 thousand between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan and has been recognized as deferred revenue. The revenue was transferred to other revenue over the period of the term.

If the Group fails to meet the key points in the agreement during the loan period and the National Development Fund terminates the grant, the Group shall pay the original interest rate plus the annual interest rate.

32. CAPITAL MANAGEMENT

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

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

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

33. 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, 2023</u>				
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 727	\$ -	\$ 727
Swap contracts	<u>-</u>	<u>30,785</u>	<u>-</u>	<u>30,785</u>
	<u>\$ -</u>	<u>\$ 31,512</u>	<u>\$ -</u>	<u>\$ 31,512</u>
Financial assets at FVTOCI				
Domestic listed company	\$ 1,379	\$ -	\$ -	\$ 1,379
Domestic unlisted company	-	-	29,486	29,486
Foreign unlisted company	<u>-</u>	<u>-</u>	<u>29,318</u>	<u>29,318</u>
	<u>\$ 1,379</u>	<u>\$ -</u>	<u>\$ 58,804</u>	<u>\$ 60,183</u>
Financial liabilities at FVTPL				
Redemption right and put option of domestic convertible bonds	<u>\$ -</u>	<u>\$ 33,200</u>	<u>\$ -</u>	<u>\$ 33,200</u>
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Wealth management products	<u>\$ -</u>	<u>\$ 441,130</u>	<u>\$ -</u>	<u>\$ 441,130</u>
Financial assets at FVTOCI				
Domestic listed company	\$ 1,468	\$ -	\$ -	\$ 1,468
Foreign unlisted company	<u>-</u>	<u>-</u>	<u>37,496</u>	<u>37,496</u>
	<u>\$ 1,468</u>	<u>\$ -</u>	<u>\$ 37,496</u>	<u>\$ 38,964</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 5,858	\$ -	\$ 5,858
Redemption right and put option of domestic convertible bonds	<u>-</u>	<u>27,200</u>	<u>-</u>	<u>27,200</u>
	<u>\$ -</u>	<u>\$ 33,058</u>	<u>\$ -</u>	<u>\$ 33,058</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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	
	2023	2022
Balance, beginning of year	\$ 37,496	\$ 36,906
Additions	30,000	-
Effects of changes in foreign exchange rates	(814)	590
Recognized in other comprehensive income	<u>(7,878)</u>	<u>-</u>
Balance, end of year	<u>\$ 58,804</u>	<u>\$ 37,496</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.
Foreign exchange forward contracts and swap contracts	Discounted cash flows. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Redemption right and put option of convertible bonds	Binomial tree pricing model of convertible bonds. Pricing is based on the volatility of conversion price, risk-free interest rate, risk discount rate and number of years to maturity.

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

Financial assets at fair value through other comprehensive income of domestic and 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	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 31,512	\$ 441,130
Financial assets at amortized cost (1)	28,799,946	31,407,692
Financial assets at FVTOCI	60,183	38,964
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	33,200	33,058
Financial liabilities at amortized cost (2)	35,849,874	44,548,198

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables and long-term receivables.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term bank loans, notes payables, accounts payable, other payables, bonds payable and long-term bank loans (including the current portion).

c. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, accounts receivable, accounts payable, bonds payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risk arising on the export.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and subsidiaries have foreign currency denominated sales and purchases, which exposes the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 37.

Sensitivity analysis

The Group is mainly exposed to the USD, EUR, JPY and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusted 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	
	2023	2022
USD	\$ 99,217	\$ 135,755
EUR	57,256	15,170
JPY	(32)	2,087
RMB	5,680	4,305

This was mainly attributable to the exposure on outstanding receivables, payables in USD, EUR, JPY and RMB that were not hedged at the end of the year.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 1,655,282	\$ 3,611,968
Financial liabilities	15,331,774	25,461,945
Cash flow interest rate risk		
Financial assets	14,238,816	11,500,856
Financial liabilities	12,288,173	5,588,744

Sensitivity analysis

The sensitivity analysis was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and 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, 2023 and 2022 would have increased/decreased by \$4,877 thousand and \$14,780 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 60% and 39% of total accounts receivable as of December 31, 2023 and 2022, 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, 2023 and 2022, the Group had available unutilized bank loan facilities of \$53,023,319 thousand and \$45,758,665 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

	Less Than 1 Year	1-2 Years	Over 2 Years
<u>December 31, 2023</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 18,169,514	\$ -	\$ -
Payables	5,299,514	-	-
Lease liabilities	594,261	336,967	891,035
Other payables	4,680,050	-	-
Bonds payable	-	-	3,811,478
Long-term bank loans	<u>449,750</u>	<u>1,541,517</u>	<u>1,898,051</u>
	<u>\$ 29,193,089</u>	<u>\$ 1,878,484</u>	<u>\$ 6,600,564</u>
<u>December 31, 2022</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 21,508,034	\$ -	\$ -
Payables	9,688,893	-	-
Lease liabilities	568,703	288,693	1,057,910
Other payables	5,598,767	-	-
Bonds payable	-	-	3,758,556
Long-term bank loans	<u>1,604,240</u>	<u>-</u>	<u>2,389,708</u>
	<u>\$ 38,968,637</u>	<u>\$ 288,693</u>	<u>\$ 7,206,174</u>

34. 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	Other
Cycling Lifestyle Foundation (Japan)	Other
Jiangsu Giant Cycling Life-style Foundation	Other
Shanghai RealMan Energy Technology Co., Ltd.	Other
Appa (Kunshan) Co., Ltd.	Other

b. Sales revenue

Line Item	Related Party Category	<u>December 31</u>	
		2023	2022
Sales	Others	\$ 6,706	\$ 9,536
	Associates	<u>274</u>	<u>2,937</u>
		<u>\$ 6,980</u>	<u>\$ 12,473</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	<u>For the Year Ended December 31</u>	
	2023	2022
Associates	\$ 255,843	\$ 144,340
Others	<u>1,051</u>	<u>775</u>
	<u>\$ 256,894</u>	<u>\$ 145,115</u>

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

d. Operating costs

Related Party Category	<u>For the Year Ended December 31</u>	
	2023	2022
Associates	<u>\$ 145,722</u>	<u>\$ 117,995</u>

e. Operating expense

Related Party Category	For the Year Ended December 31	
	2023	2022
Others	\$ <u>3,458</u>	\$ <u>17,342</u>

f. Non-operating gains

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ 2,379	\$ -
Others	<u>4</u>	<u>12</u>
	\$ <u>2,383</u>	\$ <u>12</u>

g. Receivables from related parties

Line Item	Related Party Category	December 31	
		2023	2022
Accounts Receivable	Others	\$ <u>1,761</u>	\$ <u>1,881</u>
Other Receivables	Associates	\$ <u>3,708</u>	\$ <u>2,504</u>

h. Prepayments for equipment

Related Party Category	December 31	
	2023	2022
Others	\$ <u>213</u>	\$ <u>-</u>

i. Acquisition of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31, 2022
Others	\$ <u>1,968</u>

j. Payables to related parties

Line Item	Related Party Category	December 31	
		2023	2022
Accounts payable	Associates	\$ <u>81,171</u>	\$ <u>48,632</u>
Other payables	Associates	\$ 82,406	\$ 44,638
	Others	<u>114</u>	<u>661</u>
		\$ <u>82,520</u>	\$ <u>45,299</u>

k. Remuneration of key management personnel

Total remuneration of directors and key executives was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 397,827	\$ 493,940
Post-employment benefits	<u>1,261</u>	<u>945</u>
	<u>\$ 399,088</u>	<u>\$ 494,885</u>

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Notes and accounts receivable	<u>\$ -</u>	<u>\$ 1,328,642</u>

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

	December 31	
	2023	2022
Pledged bank deposits (classified as financial assets at amortized cost)	<u>\$ 95,106</u>	<u>\$ 2,408</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Group at December 31, 2023 were as follows:

- a. The Group had a commitment to acquire property, plant and equipment for \$473,891 thousand.
- b. Product liability

The contract period of the existing product liability insurance policy (the “policy”) of the Group is from August 1, 2023 to August 1, 2024. The policy covers all products manufactured by the Group that are sold all over the world. The maximum indemnity for claims arising from one originating cause is US\$10,000 thousand.

- c. The Group signed several contracts to provide public bicycle rental service with the Department of Transportation under the Taipei City Government, the Department of Transportation under the New Taipei City Government, the Department of Transportation under the Taichung City Government, the Department of Transportation under the Taoyuan City Government, the Hsinchu City Government, Hsinchu Science Park Bureau under the Ministry of Science and Technology, the Miaoli County Government, the Department of Transportation under Kaohsiung City Government, the Chiayi City Government, the Hsinchu County Government, the Pingtung County Government and the Department of Transportation under Tainan City Government. The contract duration is from November 8, 2017 to February 28, 2031.

- d. Since contracts were signed to provide public bicycle rental services, the Group has to provide a deposit of \$439,399 thousand to the Dajia Branch of Chang Hwa Bank in order for Chang Hwa Bank to provide a guarantee. The validity period ends on May 29, 2031.
- e. The Group entered into concession arrangements with the Putian City Garden Administration Bureau authorized by the People's Government of Putian City, Fujian Province. The contract duration is from March 27, 2018 to March 26, 2025.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>						
Monetary items						
USD	\$ 368,378	30.735	\$ 11,322,098	\$ 576,795	30.708	\$ 17,712,221
EUR	183,404	33.845	6,207,308	99,016	32.731	3,240,893
JPY	1,008,119	0.2163	218,056	3,028,202	0.2326	704,360
RMB	174,383	4.3089	751,399	162,917	4.4113	718,676
<u>Financial liabilities</u>						
Monetary items						
USD	45,563	30.735	1,400,379	134,711	30.708	4,136,705
EUR	14,234	33.845	481,750	52,669	32.731	1,723,909
JPY	1,022,870	0.2163	221,247	2,131,143	0.2326	495,704
RMB	42,555	4.3089	183,365	65,326	4.4113	288,173

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			
	2023		2022	
Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)	
NTD	1 (NTD:NTD)	\$ 223,554	1 (NTD:NTD)	\$ 661,156
RMB	4.3929 (RMB:NTD)	(26,547)	4.4191 (RMB:NTD)	123,239
EUR	33.674 (EUR:NTD)	(24,744)	31.324 (EUR:NTD)	(72,955)
USD	31.158 (USD:NTD)	(366)	29.807 (USD:NTD)	422
JPY	0.2219 (JPY:NTD)	(1,157)	0.2272 (JPY:NTD)	(904)
		<u>\$ 170,740</u>		<u>\$ 710,958</u>

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, the ending balance of carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 10)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 10)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (None)

39. SEGMENT INFORMATION

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

- a. Segment revenues and results

	<u>Segment Revenue</u>		<u>Segment Profit</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Bicycle	\$ 69,335,209	\$ 83,708,864	\$ 4,243,722	\$ 7,129,978
Materials	4,980,590	6,344,896	394,497	856,467
Others	<u>2,637,747</u>	<u>1,989,915</u>	<u>71,101</u>	<u>(72,006)</u>
Total for continuing operations	<u>\$ 76,953,546</u>	<u>\$ 92,043,675</u>	4,709,320	7,914,439
Finance costs			(1,123,818)	(427,656)
Share of profit of associates accounted for using the equity method			20,355	5,802
Interest income			628,123	326,861
Other gains and losses			243,018	213,945
Foreign exchange gains, net			292,222	703,859
Valuation gain (loss) on financial assets and liabilities at FVTPL			31,370	(12,474)
Gain (loss) on disposal of property, plant and equipment, net			<u>(1,456)</u>	<u>13,243</u>
Profit before tax (continuing operations)			<u>\$ 4,799,134</u>	<u>\$ 8,738,019</u>

Segment profit represents the profit before tax earned by each segment without finance costs, share of profit of associates accounted for using the equity method, interest income, other gains and losses, valuation gain (loss) on financial assets and liabilities at fair value through profit or loss, gain (loss) on disposal of property, plant and equipment, net, foreign exchange gains, 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	
	2023	2022	2023	2022
Asia	\$ 47,425,386	\$ 52,127,723	\$ 13,334,371	\$ 14,507,271
Europe	21,943,385	29,261,158	3,064,487	2,988,935
America	5,637,615	8,235,520	610,482	684,710
Others	<u>1,947,160</u>	<u>2,419,274</u>	<u>31,584</u>	<u>36,953</u>
	<u>\$ 76,953,546</u>	<u>\$ 92,043,675</u>	<u>\$ 17,040,924</u>	<u>\$ 18,217,869</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			
	2023		2022	
	Amount	%	Amount	%
Customer S	\$ 10,975,645	14	\$ 15,293,214	17
Customer T	9,003,201	12	16,991,606	18

TABLE 1

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED ENTITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Notes 6 and 7)	Ending Balance (Note 6)	Actual Borrowing Amount (Notes 7 and 8)	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	Giant	Giant Europe Giant Europe Mfg. Giant Vietnam Mfg. AIPS	Loans receivable - related parties Loans receivable - related parties Loans receivable - related parties Loans receivable - related parties	Yes Yes Yes Yes	\$ 2,707,600 (EUR 83,000) EUR 1,353,800 614,700 (USD 20,000) 200,000	\$ 2,707,600 (EUR 83,000) EUR 1,353,800 614,700 (USD 20,000) 200,000	\$ 2,707,600 (EUR 83,000) EUR 1,353,800 614,700 (USD 2,000)	3.97% 4.96% 4.96% 6.17%	2 2 2 2	\$ - - - -	Operating Capital Operating Capital Operating Capital Operating Capital	\$ - - - -	\$ - - - -	3,368,126 (Note 2) 3,368,126 (Note 2) 3,368,126 (Note 2) 3,368,126 (Note 2)	13,472,506 (Note 3) 13,472,506 (Note 3) 13,472,506 (Note 3)	
1	Giant China	Quanzhou YouBike	Loans receivable - related parties	Yes	21,545 (RMB 5,000)	-	-	-	2	-	Operating Capital	-	-	-	1,982,094 (Note 3)	1,982,094 (Note 3)
2	Giant Electric Vehicle D. Mag	Hangsa Giant Adventure Putian YouBike	Loans receivable - related parties Loans receivable - related parties	Yes Yes	8,618 (RMB 2,000) 193,901 (RMB 45,000)	8,618 (RMB 2,000)	8,618 (RMB 2,000)	3.29%	2	-	Operating Capital	-	-	-	1,982,094 (Note 3)	1,982,094 (Note 3)
3	Giant Electric Vehicle D. Mag	Light Metal Malaysia Light Metal Huan	Loans receivable - related parties Loans receivable - related parties	Yes Yes	8,618 (RMB 2,000) 416,671 (RMB 96,700)	8,618 (RMB 2,000) 416,671 (RMB 96,700)	8,618 (RMB 2,000) 416,671 (RMB 96,700)	2.85% 3.35% 2.85%	2 2	- -	Operating Capital Operating Capital	- -	- -	- -	1,075,725 (Note 3) 1,075,725 (Note 3)	1,075,725 (Note 3) 1,075,725 (Note 3)
4	Gaiwin	Giant Hungary Mfg	Loans receivable - related parties	Yes	1,015,350 (EUR 30,000)	-	-	0.65%	2	-	Operating Capital	-	-	-	2,369,150 (Note 3)	2,369,150 (Note 3)
5	Quanzhou YouBike	Giant Mexico Putian YouBike	Loans receivable - related parties Loans receivable - related parties	Yes Yes	614,700 (USD 20,000) 77,560 (RMB 18,000)	614,700 (USD 20,000) 77,560 (RMB 18,000)	307,350 (USD 10,000)	6.42% 6.55% 3.29%	2 2	- -	Operating Capital Operating Capital	- -	- -	- -	2,369,150 (Note 3) 1,075,725 (Note 3)	2,369,150 (Note 3) 1,075,725 (Note 3)

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

Note 2: The financing limit for each borrower is up to 10% of the net asset value of Giant.

Note 3: 1) Giant China, Giant Electric Vehicle and Giant Holding: Up to RMB 0.3 billion and RMB 0.25 billion, respectively, for the financing limit for each borrower and the aggregate financing limit.
2) YouBike: Up to 10% and 40% of its net asset value in the most recent financial statements as the financing limit for each borrower and the aggregate financing limit, respectively.
3) Gaiwin: Up to EUR 70 million for the financing limit for each borrower and the aggregate financing limit.
4) The other subsidiaries: Up to USD\$35,000 thousand for the financing limit for each borrower and the aggregate financing limit.

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

Note 5: The aggregate financing limit is up to 40% of the net asset value of Giant.

Note 6: The ending balance amount has been approved by the board of directors.

Note 7: The ending balance and actual borrowing amount used are recorded using prevailing exchange rate at balance sheet date.

Note 8: Significant intercompany accounts and transactions have been eliminated.

TABLE 2

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes 4 and 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 5 and 6)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given On Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Giant	Giant Hungary Mfg.	2	\$ 8,420,316	\$ 2,064,545 (EUR 61,000)	\$ 2,064,545 (EUR 61,000)	\$ 1,907,878 (EUR 56,371)	\$ -	6.13%	\$ 16,840,632	Y	N	N
1	Giant Sales	Giant Vietnam Mfg.	2	8,420,316	614,700 (USD 20,000)	614,700 (USD 20,000)	302,400 (USD 9,839)	-	1.83%	16,840,632	Y	N	N
2	Giant China	YouBike Giant Holding	4 4	1,500,000 1,075,725	221,625 (RMB 4,550)	221,625 (RMB 4,550)	221,625 (RMB 4,550)	-	35% 0.19%	1,500,000 1,075,725	N	N	N Y

Note 1: 1) Giant is numbered 0.

2) Subsidiaries are numbered starting from 1.

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

1) A company with a business relationship.

2) A company in which Giant directly and indirectly holds more than 50% of the voting shares.

3) A company that directly and indirectly holds more than 50% of the voting shares in Giant.

4) Companies in which Giant directly or indirectly holds 90% or more of the voting shares.

5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for the purpose of undertaking a construction project.

6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

7) Companies in the same industry provide among themselves, joint and several securities for a performance guarantee of a sales contract for pre-construction houses pursuant to the Consumer Protection Act.

Note 3: Up to 25% of the net asset value of Giant, up to \$1,500,000 thousand of Giant sales, and up to 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, 2023
 (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, 2023			
				Shares	Carrying Value	Percentage of Ownership	Fair Value
Giant	Domestic listed company KMC (Kuei Meng) International Inc.		- Financial assets at FVTOCI - non-current	10,484	\$ 1,379	-	\$ 1,379
	Domestic unlisted company Research Innovation Capital Corporation.		- Financial assets at FVTOCI - non-current	6,000,000	29,486	17.9	29,486
D. Mag	Foreign unlisted company Chongqing Guochuang Light Alloy Research Institute Co., Ltd.		- Financial assets at FVTOCI - non-current	-	29,318	-	29,318

TABLE 4

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES TO AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Giant	Giant Sea Bicycle	Investments accounted for using the equity method	-	Subsidiaries	-	\$ -	-	USD 15,000	-	\$ -	-	USD 15,000 (Note 1)
Gaiwin	Giant Europe	Investments accounted for using the equity method	-	Subsidiaries	1,200	EUR 15,736 (Note 1)	-	EUR 30,000	-	-	1,200	EUR 45,736 (Note 1)
Giant Europe	Giant Hungary Mfg.	Investments accounted for using the equity method	-	Subsidiaries	-	EUR 15,000 (Note 1)	-	EUR 30,000	-	-	-	EUR 45,000 (Note 1)

Note 1: Original investment amount.

Note 2: Significant intercompany accounts and transactions have been eliminated.

TABLE 5

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, 2023
(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) Ending Balance	% to Total	Note	
				Amount (Note)	% to Total	Unit Price	Collection Terms				
Giant	Giant Sales	Investee of Giant	Sales	\$ (615,882)	(2)			\$ 47,639	1		
	YouBike	Investee of Giant	Sales	(710,071)	(2)			127,417	2		
	Giant China	Investee of Growood	Sales	(248,619)	(1)			65,632	1		
	Giant Kunshan	Investee of Giant Holding	Sales	(1,298,158)	(5)			350,090	6		
	Giant Tianjin	Investee of Growood	Sales	(832,541)	(3)			235,920	4		
	Giant Electric Vehicle	Investee of Growood	Sales	(381,453)	(1)			46,980	1		
	Giant Japan	Investee of Gatwin	Sales	(145,144)	(1)			64	-		
	Giant Korea	Investee of Gatwin	Sales	(180,442)	(1)			23,122	-		
	Giant Australia	Investee of Gatwin	Sales	(1,162,615)	(4)			123,119	2		
	Giant Europe Mfg.	Investee of Giant Europe	Sales	(2,540,877)	(9)			983,766	16		
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(610,717)	(2)			288,350	5		
	Giant Europe	Investee of Gatwin	Sales	(5,327,061)	(19)			872,445	14		
	Giant France	Investee of Giant Europe	Sales	(170,000)	(1)			11,027	-		
	Giant Germany	Investee of Giant Europe	Sales	(366,936)	(1)			77,395	1		
	Giant UK	Investee of Giant Europe	Sales	(1,075,502)	(4)			391,092	6		
	Giant Polska	Investee of Giant Europe	Sales	(248,834)	(1)			33,805	1		
	Giant USA	Investee of Gatwin	Sales	(1,005,277)	(3)			25,469	-		
	Giant Canada	Investee of Gatwin	Sales	(609,603)	(2)			160,224	3		
	Giant Mexico	Investee of Gatwin	Sales	(142,829)	-			43,588	1		
	AIPS	Giant	Parent company	Sales	(128,859)	(23)			35,997	59	
	Giant Tianjin	Giant Kunshan	Investee of Giant Holding	Sales	(542,581)	(6)			208,787	33	
	Giant Chengdu	Investee of Merdka	Investee of Merdka	Sales	(1,056,321)	(12)			268,824	42	
	Giant	Giant	Parent company	Sales	(1,042,077)	(16)			168,769	21	
Giant Australia	Investee of Gatwin	Investee of Gatwin	Sales	(140,205)	(2)			31,417	4		
Giant Hungary Mfg.	Investee of Giant Europe	Investee of Giant Europe	Sales	(240,803)	(4)			41,693	5		
Giant Europe	Investee of Gatwin	Investee of Gatwin	Sales	(1,183,890)	(19)			260,574	33		
Giant France	Investee of Giant Europe	Investee of Giant Europe	Sales	(152,316)	(2)			8,984	1		
Giant Germany	Investee of Giant Europe	Investee of Giant Europe	Sales	(188,851)	(3)			26,786	3		
Giant USA	Investee of Gatwin	Investee of Gatwin	Sales	(141,723)	(2)			3,757	-		
Giant Canada	Investee of Gatwin	Investee of Gatwin	Sales	(247,827)	(4)			28,277	4		
Giant	Giant	Parent company	Sales	(657,528)	(5)			117,096	11		
Giant China	Giant Sales	Investee of Giant	Sales	(201,997)	(2)			34,603	3		
Giant Tianjin	Investee of Growood	Investee of Growood	Sales	(153,794)	(1)			38,413	4		
Giant Chengdu	Investee of Merdka	Investee of Merdka	Sales	(1,666,866)	(13)			480,208	45		
Giant Japan	Investee of Gatwin	Investee of Merdka	Sales	(393,516)	(3)			59,913	6		
Giant Korea	Investee of Gatwin	Investee of Gatwin	Sales	(212,679)	(2)			4,665	-		
Giant Australia	Investee of Gatwin	Investee of Gatwin	Sales	(142,821)	(1)			7,261	1		
Giant Europe Mfg.	Investee of Gatwin	Investee of Gatwin	Sales	(277,517)	(2)			48,034	4		
Giant USA	Investee of Giant Europe	Investee of Giant Europe	Sales	(333,157)	(3)			95,005	9		
Giant Canada	Investee of Gatwin	Investee of Gatwin	Sales	(248,492)	(2)			11,037	1		
	Giant Canada	Investee of Gatwin	Sales	(134,349)	(1)			42,363	4		

(Continued)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Transaction Details		Abnormal Transaction		Notes and Accounts Receivable (Payable) Ending Balance (Note)	% to Total	Note		
			Purchase or Sale	Amount (Note)	% to Total	Collection Terms				Unit Price	Collection Terms
Giant China	Giant Kunshan	Investee of Giant Holding	Sales	(244,873)	(3)	-	\$	69,253	4		
	Giant Tianjin	Investee of Grovood	Sales	(171,524)	(2)	-	-	79,487	5		
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(319,015)	(4)	-	-	60,360	4		
	Giant Europe	Investee of Gaiwin	Sales	(673,401)	(9)	-	-	147,693	9		
	Giant UK	Investee of Giant Europe	Sales	(174,679)	(2)	-	-	25,381	2		
	Giant Europe Mfg.	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(174,275)	(2)	-	-	-	-	
		Giant Europe	Investee of Gaiwin	Sales	(2,040,120)	(27)	-	-	90,924	5	
		Giant Benelux	Investee of Giant Europe	Sales	(354,324)	(5)	-	-	78	-	
		Giant Germany	Investee of Giant Europe	Sales	(260,464)	(3)	-	-	487	-	
		Giant Polska	Investee of Giant Europe	Sales	(111,290)	(1)	-	-	10,399	1	
Giant Hungary Mfg.		Giant Europe Mfg.	Investee of Giant Europe	Sales	(360,679)	(10)	-	-	308,018	40	
		Giant Europe	Investee of Gaiwin	Sales	(345,525)	(9)	-	-	6,040	1	
		Giant Benelux	Investee of Giant Europe	Sales	(621,465)	(17)	-	-	10,434	1	
		Giant Germany	Investee of Giant Europe	Sales	(201,400)	(5)	-	-	1,694	-	
		Giant Europe	Giant Benelux	Investee of Giant Europe	Sales	(1,071,670)	(12)	-	-	36,343	1
	Giant France		Investee of Giant Europe	Sales	(2,837,806)	(32)	-	-	1,355,069	55	
	Giant Germany		Investee of Giant Europe	Sales	(3,043,597)	(34)	-	-	672,508	27	
	Giant Italy		Investee of Giant Europe	Sales	(699,232)	(8)	-	-	239,096	10	
	D. Mag		Giant	Parent company	Sales	(337,844)	(5)	-	-	51,072	3
			Giant China	Investee of Grovood	Sales	(170,232)	(2)	-	-	48,422	3
Giant Kunshan			Investee of Giant Holding	Sales	(860,794)	(12)	-	-	227,396	12	
Giant Tianjin			Investee of Grovood	Sales	(441,441)	(6)	-	-	132,765	7	
Light Metal Haian			Light Metal Haian	Investee of D. Mag	Sales	(570,311)	(8)	-	-	267,898	15
			Golden Rich	Investee of D. Mag	Sales	(249,820)	(3)	-	-	49,736	3
		D. Mag	Investee of Darzins	Sales	(518,092)	(76)	-	-	87,964	63	

(Continued)

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 6

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, 2023
 (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 Kunshan	Investee of Giant Holding	Accounts receivable - related parties \$ 350,090	4	\$ -	-	\$ 214,401	\$ -
	Giant Tianjin	Investee of Growood	Other receivables - related parties 35,575	-	1,813	-	35,487	-
	YouBike	Investee of Giant	Accounts receivable - related parties 235,920	6	-	-	198,989	-
	Giant Australia	Investee of Giant	Other receivables - related parties 13,810	8	29	-	13,788	-
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties 127,417	8	-	-	127,417	-
	Giant UK	Investee of Giant Europe	Other receivables - related parties 11	-	-	-	11	-
	Giant Canada	Investee of Giant Europe	Accounts receivable - related parties 123,119	14	62,152	-	123,119	-
	Giant Tianjin	Investee of Giant Europe	Accounts receivable - related parties 983,766	1	562,480	-	325,748	-
	Giant Mexico	Investee of Giant Europe	Loans receivable - related parties 1,353,800	-	-	-	-	-
	Giant USA	Investee of Giant	Other receivables - related parties 970	-	-	-	894	-
Giant Electric Vehicle	Giant Europe	Investee of Giant Europe	Accounts receivable - related parties 288,350	2	-	-	136,397	-
	Giant Tianjin	Investee of Giant Europe	Other receivables - related parties 2,329	-	31	-	2,265	-
	Giant Mexico	Investee of Giant Europe	Accounts receivable - related parties 872,445	5	305,009	-	305,009	-
	Giant USA	Investee of Giant Europe	Loans receivable - related parties 2,707,600	-	-	-	-	-
	Giant Mexico	Investee of Giant Europe	Other receivables - related parties 644	-	210	-	210	-
	Giant Mexico	Investee of Giant Europe	Accounts receivable - related parties 391,092	3	277,848	-	214,472	-
	Giant Mexico	Investee of Giant Europe	Other receivables - related parties 188	-	24	-	24	-
	Giant Mexico	Investee of Giant Europe	Accounts receivable - related parties 160,224	4	-	-	117,840	-
	Giant Mexico	Investee of Giant Europe	Other receivables - related parties 390	-	-	-	298	-
	Giant Mexico	Investee of Giant Europe	Accounts receivable - related parties 208,787	3	-	-	91,791	-
Gaiwin B.V.	Giant Chengdu	Investee of Merdeka Parent company	Other receivables - related parties 6,139	-	-	-	1,989	-
	Giant Mexico	Investee of Merdeka Parent company	Accounts receivable - related parties 268,824	5	-	-	210,711	-
	Giant Mexico	Investee of Merdeka Parent company	Accounts receivable - related parties 169,780	3	-	-	158,157	-
	Giant Mexico	Investee of Merdeka Parent company	Other receivables - related parties 13	-	11	-	13	-
	Giant Mexico	Investee of Merdeka Parent company	Accounts receivable - related parties 260,574	5	3,356	-	136,007	-
	Giant Mexico	Investee of Merdeka Parent company	Other receivables - related parties 122	-	122	-	9	-
	Giant Mexico	Investee of Merdeka Parent company	Accounts receivable - related parties 22,453	-	-	-	-	-
	Giant Mexico	Investee of Merdeka Parent company	Loans receivable - related parties 307,350	-	-	-	-	-
	Giant Mexico	Investee of Merdeka Parent company	Other receivables - related parties 2,644	-	-	-	-	-
	Giant Mexico	Investee of Merdeka Parent company	Accounts receivable - related parties 111,587	-	-	-	111,587	-
Giant Kunshan	Giant Tianjin	Investee of Giant Holding	Accounts receivable - related parties 117,096	4	-	-	64,050	-
	Giant Mexico	Investee of Merdeka Parent company	Other receivables - related parties 36	-	-	-	18	-
	Giant Mexico	Investee of Merdeka Parent company	Accounts receivable - related parties 480,208	5	-	-	347,450	-
Giant Mexico	Investee of Merdeka Parent company	Other receivables - related parties 1,002	-	-	-	1,002	-	

(Continued)

Company Name	Related Party	Relationship	Financial Statement Account & Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Giant China	Giant Europe	Investee of Giant Europe	Accounts receivable - related parties	6	\$ -	-	\$ 78,467	-
Giant Hungary Mfg.	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	2	-	-	-	-
Giant Europe	Giant Benelux	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	36,343	-
			Other receivables - related parties	-	-	-	193,344	-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties	3	-	-	495,223	-
			Other receivables - related parties	-	-	-	199,097	-
	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties	4	-	-	672,508	-
			Other receivables - related parties	-	-	-	351,711	-
	Giant Italy	Investee of Giant Europe	Accounts receivable - related parties	2	-	-	127,611	-
			Other receivables - related parties	-	-	-	7,296	-
D. Mag	Giant Kurshan	Investee of Giant Holding	Accounts receivable - related parties	12	-	-	227,396	2,417
	Giant Tianjin	Investee of Growood	Accounts receivable - related parties	10	-	-	132,765	1,565
	Light Metal Haian	Investee of D. Mag	Accounts receivable - related parties	2	-	-	109,914	-
			Loans receivable - related parties	-	-	-	-	-

(Concluded)

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 8

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Shares	Percentage of Ownership	Balance as of December 31, 2023		Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022			Carrying Value	Value			
Giant	Growood	Singapore	Overseas reinvested holding company	USD 18,063	USD 18,063	26,619,300	100	\$ 6,234,114	\$ 1,921,454	\$ 1,970,573	Subsidiary	
	Gawin	Lelystad, Netherlands	Overseas reinvested holding company	USD 7,243	USD 7,243	502,661	100	10,397,457	(77,323)	(77,323)	Subsidiary	
	Dazins	British Virgin Islands	Overseas reinvested holding company	USD 14,889	USD 14,889	14,888,928	100	3,862,706	226,644	243,459	Subsidiary	
	Merdeka	British Virgin Islands	Overseas reinvested holding company	USD 6,000	USD 6,000	6,000,003	100	299,878	120,790	120,727	Subsidiary	
	Giant Sales	Tai Chung	Sale of bicycles and related products and bicycle rental	\$ 140,000	\$ 140,000	14,000,000	100	579,721	303,738	303,738	Subsidiary	
	YouBike	Tai Chung	Public bicycle rental	800,000	\$ 800,000	84,800,000	100	963,853	101,947	101,947	Subsidiary	
	AIPS	Tai Chung	Manufacture and sale of sporting goods	500,000	500,000	50,000,000	100	151,727	(235,378)	(235,378)	Subsidiary	
	Giant Vietnam Mfg.	Binh Duong Province, Vietnam	Manufacture and sale of bicycles	USD 20,000	USD 20,000	-	100	514,928	(71,150)	(73,979)	Subsidiary	
	Giant Mexico	Mexico, Mexico	Sale of bicycles and related products	MXN 1	MXN 1	-	-	2	13,120	-	Indirectly owned subsidiary	
	Microprogram	Tai Chung	Hardware and Software research of computer and sale of related products	244,352	244,352	8,886,000	20	118,567	85,157	170,078	Investments accounted for using the equity method	
	Giant Sales	Binh Duong Province, Vietnam	Manufacture and sale of bicycles	USD 15,000	USD 15,000	-	100	461,025	-	-	Subsidiary	
	Giant Europe	Tai Chung	Undertake domestic and international tourism trade business	EUR 45,736	EUR 15,736	1,200	100	74,935	42,267	(Note 1)	Indirectly owned subsidiary	
	Giant UK	Giant Europe	Lelystad, Netherlands	Overseas reinvested holding company and sale of bicycles and related products	EUR 47,618	EUR 47,618	200,000	100	EUR 51,272	EUR 8,957	(Note 1)	Indirectly owned subsidiary
Giant USA		California, USA	Sale of bicycles and related products	JPY 200,000	JPY 200,000	4,000	100	EUR 12,391	EUR (13,063)	(Note 1)	Indirectly owned subsidiary	
Giant Japan		Kawasaki, Japan	Sale of bicycles and related products	AUD 500	AUD 500	500,000	100	EUR 24,727	EUR 191	(Note 1)	Indirectly owned subsidiary	
Giant Australia		Victoria, Australia	Sale of bicycles and related products	CAD 1,052	CAD 1,052	1,051,987	100	EUR 15,667	EUR 1,057	(Note 1)	Indirectly owned subsidiary	
Giant Canada		Vancouver, Canada	Sale of bicycles and related products	KRW 734,000	KRW 734,000	146,800	100	EUR 4,560	EUR (271)	(Note 1)	Indirectly owned subsidiary	
Giant Korea		Seoul, South Korea	Sale of bicycles and related products	MXN 70,059	MXN 70,059	-	100	EUR 7,001	EUR 390	(Note 1)	Indirectly owned subsidiary	
Giant Mexico		Mexico, Mexico	Sale of bicycles and related products	EUR 3,472	EUR 3,472	(Note 3)	100	-	-	(Note 1)	Indirectly owned subsidiary	
Giant US		Delaware, USA	Overseas reinvested holding company	EUR 4,200	EUR 4,200	10,500	100	EUR 19,589	EUR 1,714	(Note 1)	Indirectly owned subsidiary	
Giant Germany		Erkrath, Germany	Sale of bicycles and related products	GBP 200	GBP 200	200,000	100	EUR 19,659	EUR (205)	(Note 1)	Indirectly owned subsidiary	
Giant France		Aix en Provence, France	Sale of bicycles and related products	EUR 227	EUR 227	5,000	100	EUR 61,770	EUR 739	(Note 1)	Indirectly owned subsidiary	
Giant UK		Leicester, United Kingdom	Sale of bicycles and related products	PLN 150	PLN 150	240	100	EUR 9,050	EUR 386	(Note 1)	Indirectly owned subsidiary	
Giant Poland		Warsaw, Poland	Manufacture and sale of bicycles	EUR 3,230	EUR 3,230	23,000	100	EUR 21,853	EUR 1,727	(Note 1)	Indirectly owned subsidiary	
Giant Hungary Mfg.		Gallarate, Italy	Sale of bicycles and related products	EUR 45,000	EUR 45,000	-	100	EUR 3,076	EUR 297	(Note 1)	Indirectly owned subsidiary	
D. Mag	GDC	Gyongyos, Hungary	Manufacture and sale of bicycles	GBP 1	GBP 1	(Note 4)	100	EUR 41,342	EUR (938)	(Note 1)	Indirectly owned subsidiary	
	Golden Rich	Leicester, United Kingdom	Sales business	USD 100	USD 100	100,000	100	RMB 8,268	RMB 258	(Note 1)	Indirectly owned subsidiary	
	Light Metal Malaysia	Hong Kong	International trade	USD 100	USD 100	-	100	RMB (1,852)	RMB (1,022)	(Note 1)	Indirectly owned subsidiary	
	Innovation Tech	Malaysia	Sale of medium and high-end aluminum wheel hub products	(Note 3)	(Note 3)	-	100	-	-	(Note 1)	Indirectly owned subsidiary	

Note 1: Not applicable.

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

Note 3: No capital investment as of December 31, 2023.

Note 4: GDC was dissolved in March 2023.

Note 5: Significant intercompany accounts and transactions have been eliminated.

TABLE 9

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Value as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
Giant China	Manufacture and sale of bicycles and parts	RMB 273,040 (USD 37,500)	(Note 1)	\$ 489,599 (Note 3)	\$ -	-	\$ 489,599	\$ 683,107	100%	\$ 582,983	\$ 2,248,379	\$ 11,795,162
Giant Electric Vehicle	Manufacture and sale of electric vehicle	RMB 40,465 (USD 5,000)	(Note 1)	(Note 3)	-	-	(Note 3)	569,671	100%	711,567	2,679,734	2,885,299
Giant Chengdu	Sale of bicycles and parts	RMB 49,663 (USD 6,000)	(Note 1)	199,182 (Note 3)	-	-	199,182	120,874	100%	12,810	299,197	180,770
Giant Tianjin	Manufacture and sale of bicycles and parts	RMB 89,614 (USD 12,000)	(Note 1)	(Note 3)	-	-	(Note 3)	733,226	100%	740,573	1,682,272	918,213
Giant Holding	Overseas reinvested holding company	RMB 577,569 (USD 88,500)	(Note 2)	2,681,933 (Note 6)	-	-	2,681,933	1,438,647	100%	1,456,890	4,640,327	1,829,019
Giant Kunshan	Manufacture and sale of bicycles and parts	RMB 236,288 (USD 35,000)	(Note 6)	(Note 6)	-	-	(Note 6)	1,386,947	100%	1,405,189	2,336,734	-
Giant Cycling Service	Lease of bicycle and promotion of outdoor activities	RMB 6,595 (USD 1,000)	(Note 6)	(Note 6)	-	-	(Note 6)	7	100%	7	3,191	-
Jiangsu Giant	Undertake China tourism business	RMB 5,000	(Note 7)	(Note 7)	-	-	(Note 7)	(4,888)	100%	(4,888)	(12,316)	-
Quanzhou YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(Note 8)	6,556	100%	6,556	114,212	-
Putian YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(Note 8)	(100,468)	100%	(100,468)	125,284	-
Giant Jiangsu	Manufacture and sale of bicycles and parts	RMB 331,779 (USD 52,500)	(Note 6)	(Note 6)	-	-	(Note 6)	39,659	100%	39,659	1,651,843	-
D. Mag	Manufacture and sale of new aluminum alloy products	RMB 360,000	(Note 4)	(Notes 4 and 10)	-	-	(Notes 4 and 10)	416,598	60%	261,691	4,015,698	-
Light Metal Haian	Manufacture and sale of alloy materials, semi-solid aluminum, and superplastic aluminum	RMB 120,000	(Note 11)	(Note 11)	-	-	(Note 11)	(83,665)	60%	(50,464)	199,569	-
Meiki Giant	Sale and repair of computer and mechanical equipment	RMB 3,200	(Note 6)	(Note 6)	-	-	(Note 6)	9,308	33%	3,072	13,168	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 3,646,639	USD 178,000 and RMB 21,261	(Note 9)

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

Note 2: Investee of Giant.

Note 3: Investee of Growood.

Note 4: D. Mag was acquired by Giant Light Metal Technology (Kunshan) Co., Ltd. ("Giant Light Metal"), an investee of Darzins. Giant Light Metal merged with D. Mag in November 2020. After the merger, D. Mag was the surviving entity.

Note 5: The investment income (loss) is recognized according to the financial statements audited by Giant's independent auditors.

Note 6: Investee of Giant Holding.

Note 7: Investee of Giant China.

Note 8: Investee of Giant Kunshan.

Note 9: According to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, the investment in mainland China has no maximum limitation since the Company acquired the approval from the Industrial Development Bureau regarding the Company's establishment of an operating headquarter in Taiwan.

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

Note 11: Investee of D. Mag.

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

TABLE 10

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, 2023
(In Thousands of New Taiwan Dollars)

Counterparty	Nature of Relationship	Purchase/Sales	Amount (Note)	Trade Condition		Abnormal Transaction	Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss) (Note)
				Prices	Payment Terms		Ending Balance	% to Total	
Giant China	Giant directly or indirectly holds more than 50% of shares	Sales	\$ 248,619	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	\$ 65,632	1	\$ 2,725
Giant Electric Vehicle	Giant directly or indirectly holds more than 50% of shares	Purchase	1,016,615	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(168,769)	(9)	12,416
		Sales	381,453	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	46,980	1	6,288
Giant Kunshan	Giant directly or indirectly holds more than 50% of shares	Purchase	657,528	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(117,096)	(7)	1,386
		Sales	1,298,158	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	350,090	6	32,922
Giant Tianjin	Giant directly or indirectly holds more than 50% of shares	Sales	832,541	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	235,920	4	25,106
D. Mag	Giant directly or indirectly holds more than 50% of shares	Purchase	337,844	Depending on specific diversity of products and related market trends	T/T 60 days	No material difference	(51,072)	(3)	7,899

Note: Significant intercompany accounts and transactions have been eliminated.

The latest audited the parent-company-only financial report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Giant Manufacturing Co., Ltd. (the “Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the other matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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 parent company only financial statements for the year ended December 31, 2023 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, 2023. Since sales revenue was relatively concentrated on major customers, we identified the authenticity of sales revenue from major customers as a key audit matter. The accounting policy on the revenue recognition is disclosed in Note 4 to the financial statements.

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

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

Other Matter

We did not audit the financial statements of Microprogram Information Co., Ltd. ("Microprogram"), an investee accounted for by using the equity method, for the years ended December 31, 2023 and 2022, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Company's parent company only financial statements for this investee, is based solely on the reports of other auditors. The aforementioned investments accounted for using the equity method were \$118,567 thousand and \$90,834 thousand, respectively, both representing 0.2% of the Company's parent company only total assets as of December 31, 2023 and 2022. The comprehensive income of the investee was \$17,078 thousand and \$1,837 thousand, respectively, representing 0.5% and 0.03% of the Company's parent company only total comprehensive income for the years ended December 31, 2023 and 2022, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2023, 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 25, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

GIANT MANUFACTURING CO., LTD.**PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 732,261	1	\$ 1,021,167	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	31,512	-	-	-
Accounts receivable from unrelated parties (Notes 4, 9 and 23)	2,399,281	5	3,675,881	7
Accounts receivable from related parties (Notes 4, 23 and 31)	3,926,419	8	6,986,356	13
Other receivables (Notes 9 and 31)	4,290,769	9	150,902	-
Inventories (Notes 4 and 10)	4,208,940	8	8,827,715	16
Other current assets (Note 12)	220,039	-	176,431	-
Total current assets	<u>15,809,221</u>	<u>31</u>	<u>20,838,452</u>	<u>38</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	30,865	-	1,468	-
Investments accounted for using the equity method (Notes 4 and 11)	28,224,305	56	27,704,689	51
Property, plant and equipment (Notes 4, 13 and 31)	4,109,612	8	4,248,066	8
Right-of-use assets (Notes 4 and 14)	267,987	1	271,541	1
Investment properties (Notes 4 and 15)	191,377	1	193,901	-
Other intangible assets (Note 4)	170,296	-	222,430	-
Deferred tax assets (Notes 4 and 25)	1,602,556	3	1,265,831	2
Prepayments for equipment	75,496	-	139,381	-
Other non-current assets (Note 16)	14,188	-	15,002	-
Total non-current assets	<u>34,686,682</u>	<u>69</u>	<u>34,062,309</u>	<u>62</u>
TOTAL	<u>\$ 50,495,903</u>	<u>100</u>	<u>\$ 54,900,761</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans (Note 17)	\$ 3,300,000	6	\$ 4,880,000	9
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	33,200	-	33,058	-
Notes payable	-	-	682	-
Accounts payable	1,313,802	3	3,304,399	6
Accounts payable to related parties (Note 31)	484,056	1	901,540	2
Other payables (Notes 19 and 31)	2,432,712	5	3,146,629	6
Current tax liabilities (Notes 4 and 25)	2,012,800	4	1,915,580	3
Provisions - current (Notes 4 and 20)	112,442	-	150,673	-
Lease liabilities - current (Notes 4 and 14)	9,878	-	7,666	-
Current portion of long-term bank loans (Note 17)	449,750	1	295,000	1
Other current liabilities (Note 23)	170,188	-	116,635	-
Total current liabilities	<u>10,318,828</u>	<u>20</u>	<u>14,751,862</u>	<u>27</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	3,811,478	8	3,758,556	7
Long-term bank loans (Notes 17 and 28)	882,701	2	1,301,899	2
Deferred tax liabilities (Notes 4 and 25)	1,489,664	3	1,302,845	2
Lease liabilities - non-current (Notes 4 and 14)	259,683	-	264,560	1
Deferred revenue - non-current (Notes 4, 17 and 28)	48,632	-	79,185	-
Net defined benefit liabilities (Notes 4 and 21)	3,652	-	86,062	-
Total non-current liabilities	<u>6,495,810</u>	<u>13</u>	<u>6,793,107</u>	<u>12</u>
Total liabilities	<u>16,814,638</u>	<u>33</u>	<u>21,544,969</u>	<u>39</u>
EQUITY				
Ordinary shares	3,920,646	8	3,920,646	7
Capital surplus	4,726,957	9	4,716,303	9
Retained earnings				
Legal reserve	6,531,622	13	5,939,679	11
Special reserve	1,904,900	4	2,522,195	4
Unappropriated earnings	18,581,965	37	18,161,869	33
Other equity	(1,984,825)	(4)	(1,904,900)	(3)
Total equity	<u>33,681,265</u>	<u>67</u>	<u>33,355,792</u>	<u>61</u>
TOTAL	<u>\$ 50,495,903</u>	<u>100</u>	<u>\$ 54,900,761</u>	<u>100</u>

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

GIANT MANUFACTURING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET SALES REVENUE (Notes 4, 23 and 31)	\$ 28,782,131	100	\$ 39,537,210	100
COST OF GOODS SOLD (Notes 10, 24 and 31)	<u>25,028,979</u>	<u>87</u>	<u>33,804,291</u>	<u>85</u>
GROSS PROFIT	3,753,152	13	5,732,919	15
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>(1,206,844)</u>	<u>(4)</u>	<u>(710,894)</u>	<u>(2)</u>
REALIZED GROSS PROFIT	<u>2,546,308</u>	<u>9</u>	<u>5,022,025</u>	<u>13</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	898,999	3	970,164	3
General and administrative expenses	1,001,614	3	1,309,904	3
Research and development expenses	648,433	2	732,898	2
Expected credit loss (Notes 4 and 9)	<u>155,379</u>	<u>1</u>	<u>331,421</u>	<u>1</u>
Total operating expenses	<u>2,704,425</u>	<u>9</u>	<u>3,344,387</u>	<u>9</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(158,117)</u>	<u>-</u>	<u>1,677,638</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4)				
Finance costs (Notes 24 and 31)	(146,750)	(1)	(114,708)	-
Share of profit of subsidiaries and associates accounted for using the equity method (Note 11)	3,827,938	13	4,368,486	11
Interest income (Note 31)	180,854	1	39,313	-
Royalty income (Note 31)	287,861	1	232,878	1
Dividend income	83	-	118	-
Management service income (Note 31)	8,373	-	9,556	-
Other income (Notes 15 and 28)	54,466	-	78,113	-
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss	31,370	-	(12,474)	-
Gain on disposal of property, plant and equipment, net	3,152	-	1,295	-
Foreign exchange gain, net	224,371	1	652,120	2
Other expenses (Note 15)	<u>(124,838)</u>	<u>-</u>	<u>(4,682)</u>	<u>-</u>
Total non-operating income and expenses	<u>4,346,880</u>	<u>15</u>	<u>5,250,015</u>	<u>14</u>
PROFIT BEFORE INCOME TAX	4,188,763	15	6,927,653	18
INCOME TAX EXPENSE (Notes 4 and 25)	<u>787,369</u>	<u>3</u>	<u>1,083,778</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>3,401,394</u>	<u>12</u>	<u>5,843,875</u>	<u>15</u>

(Continued)

GIANT MANUFACTURING CO., LTD.**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	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)	\$ 64,196	-	\$ 93,834	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(603)	-	(603)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(4,170)	-	483	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(12,839)</u>	<u>-</u>	<u>(18,767)</u>	<u>-</u>
	<u>46,584</u>	<u>-</u>	<u>74,947</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	(93,262)	-	772,079	2
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 11)	(351)	-	293	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 25)	<u>18,558</u>	<u>-</u>	<u>(154,474)</u>	<u>-</u>
	<u>(75,055)</u>	<u>-</u>	<u>617,898</u>	<u>2</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(28,471)</u>	<u>-</u>	<u>692,845</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,372,923</u>	<u>12</u>	<u>\$ 6,536,720</u>	<u>17</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 8.68</u>		<u>\$ 15.51</u>	
Diluted	<u>\$ 8.44</u>		<u>\$ 15.14</u>	

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

(Concluded)

GIANT MANUFACTURING CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares (Note 22)	Capital Surplus (Notes 4, 11, 22 and 27)	Retained Earnings (Note 22)			Other Equity			Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	\$ 3,750,646	\$ 1,792,401	\$ 5,350,968	\$ 1,938,124	\$ 17,165,872	\$ (2,523,179)	\$ 984	\$ 27,475,816	
Appropriation of 2021 earnings	-	-	588,711	-	(588,711)	-	-	-	
Legal reserve	-	-	-	584,071	(584,071)	-	-	-	
Special reserve	-	-	-	-	(3,750,646)	-	-	(3,750,646)	
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	-	-	-	-	
Recognition of equity component of convertible bonds issued	-	263,283	-	-	-	-	-	263,283	
Issuance of ordinary shares for cash	170,000	2,584,000	-	-	-	-	-	2,754,000	
Share-based payment arrangements	-	76,619	-	-	-	-	-	76,619	
Net profit for the year ended December 31, 2022	-	-	-	-	5,843,875	-	-	5,843,875	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	75,550	617,898	(603)	692,845	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	5,919,425	617,898	(603)	6,536,720	
BALANCE AT DECEMBER 31, 2022	3,920,646	4,716,303	5,939,679	2,522,195	18,161,869	(1,905,281)	381	33,355,792	
Appropriation of 2022 earnings	-	-	591,943	-	(591,943)	-	-	-	
Legal reserve	-	-	-	(617,295)	617,295	-	-	-	
Special reserve	-	-	-	-	(3,058,104)	-	-	(3,058,104)	
Cash dividends distributed by the Company - \$7.8 per share	-	-	-	-	-	-	-	-	
Changes in equity of associates accounted for using the equity method	-	10,654	-	-	-	-	-	10,654	
Net profit for the year ended December 31, 2023	-	-	-	-	3,401,394	-	-	3,401,394	
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	51,454	(75,055)	(4,870)	(28,471)	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	3,452,848	(75,055)	(4,870)	3,372,923	
BALANCE AT DECEMBER 31, 2023	\$ 3,920,646	\$ 4,726,957	\$ 6,531,622	\$ 1,904,900	\$ 18,581,965	\$ (1,980,336)	\$ (4,489)	\$ 33,681,265	

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

GIANT MANUFACTURING CO., LTD.**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,188,763	\$ 6,927,653
Adjustments for:		
Depreciation and amortization expenses	776,656	690,843
Expected credit loss	155,379	331,421
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(31,370)	12,474
Finance costs	146,750	114,708
Interest income	(180,854)	(39,313)
Dividend income	(83)	(118)
Compensation cost of employee share options	-	76,619
Share of profit of subsidiaries and associates accounted for using the equity method	(3,827,938)	(4,368,486)
Gain on disposal of property, plant and equipment, net	(3,152)	(1,295)
Write-down of inventories	286,415	450,990
Unrealized gain on transactions with subsidiaries and associates	1,206,844	710,894
Unrealized loss on foreign currency exchange, net	66,549	5,772
Gain on lease modification	-	(1,770)
Net changes in operating assets and liabilities		
Notes receivable	-	452
Accounts receivable	4,113,288	(2,322,987)
Other receivables	31,090	507
Inventories	4,332,359	(1,205,887)
Other current assets	(43,607)	(55,739)
Notes payable	(682)	(38)
Accounts payable	(2,389,411)	(459,937)
Other payables	(709,519)	444,016
Provisions	(55,669)	(6,000)
Other current liabilities	53,552	27,597
Net defined benefit liabilities	(18,214)	(23,130)
Cash generated from operations	8,097,146	1,309,246
Interest received	146,483	39,313
Interest paid	(91,681)	(85,160)
Income tax paid	(834,334)	(665,248)
Net cash generated from operating activities	<u>7,317,614</u>	<u>598,151</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(30,000)	-
Acquisition of investments accounted for using the equity method	(479,713)	(592,384)
Payments for property, plant and equipment	(71,702)	(72,849)
Proceeds from disposal of property, plant and equipment	3,152	2,110
Increase in other receivable from related parties	(4,140,306)	-
Payments for intangible assets	(60,905)	(25,989)
Decrease in other non-current assets	813	1,045

(Continued)

GIANT MANUFACTURING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in prepayments for equipment	\$ (377,447)	\$ (680,815)
Dividends received from subsidiaries	2,494,061	2,514,362
Other dividends received	<u>83</u>	<u>118</u>
Net cash (used in) generated from investing activities	<u>(2,661,964)</u>	<u>1,145,598</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	(1,579,989)	(4,220,000)
Proceeds from issuance of convertible bonds	-	4,015,190
Repayments of long-term bank loans	(295,000)	(122,917)
Repayment of the principal portion of lease liabilities	(11,463)	(9,792)
Dividends paid to owners of the Company	(3,058,104)	(3,750,646)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>2,754,000</u>
Net cash used in financing activities	<u>(4,944,556)</u>	<u>(1,334,165)</u>
NET INCREASE IN (DECREASE) CASH	(288,906)	409,584
CASH AT THE BEGINNING OF THE YEAR	<u>1,021,167</u>	<u>611,583</u>
CASH AT THE END OF THE YEAR	<u>\$ 732,261</u>	<u>\$ 1,021,167</u>

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

(Concluded)

GIANT MANUFACTURING CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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 13, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

- b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

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

For the purpose of presenting the parent company only financial statements, the functional currencies of foreign operations (including subsidiaries and associates that use currencies that are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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

e. Inventories

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

f. Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

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

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the 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 into the appropriate categories of property, plant and equipment when completed and ready for the intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

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

j. Intangible assets

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

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

k. Impairment of property, plant and equipment, investment properties, right-of-use assets, and intangible assets

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

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

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

1. Financial instruments

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

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 30.

ii. Financial assets at amortized cost

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

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

Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

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

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

n. Revenue recognition

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

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

Revenue from the sale of goods

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

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

o. Leases

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

1) The Company as lessor

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

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

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

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

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period in which they occur. Rereasurement, 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. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

s. Share-based payment arrangements

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

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

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

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

5. MATERIAL 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.

When developing material accounting estimates, the Company considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by management.

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH

	<u>December 31</u>	
	2023	2022
Cash on hand and petty cash	\$ 157	\$ 142
Checking accounts and demand deposits	<u>732,104</u>	<u>1,021,025</u>
	<u>\$ 732,261</u>	<u>\$ 1,021,167</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2023	2022
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Foreign exchange forward contracts (a)	\$ 727	\$ -
Swap contracts (b)	<u>30,785</u>	<u>-</u>
	<u>\$ 31,512</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Foreign exchange forward contracts (a)	\$ -	\$ 5,858
Redemption and put options of convertible bonds (Note 18)	<u>33,200</u>	<u>27,200</u>
	<u>\$ 33,200</u>	<u>\$ 33,058</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)	Range of Interest Rates Received
<u>December 31, 2023</u>				
Sell	USD/NTD	2024.1.10	USD1,100/NTD34,474	31.34
<u>December 31, 2022</u>				
Sell	USD/NTD	2023.1.4-2023.1.31	USD24,500/NTD748,293	30.37-30.64
	EUR/NTD	2023.1.19	EUR11,350/NTD368,491	32.35-32.60
	USD/JPY	2023.1.5	USD2,000/JPY265,000	132.5

- b. At the end of the year, outstanding swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Swap contracts	EUR/NTD	2024.5.15-2024.6.14	EUR90,000/NTD3,058,270

The Company entered into foreign exchange forward and swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These foreign exchanges forward contracts and swap 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	
	2023	2022
Domestic listed company	\$ 1,379	\$ 1,468
Domestic unlisted company	<u>29,486</u>	<u>-</u>
	<u>\$ 30,865</u>	<u>\$ 1,468</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 Company's strategy of holding these investments for long-term purposes.

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Accounts receivable from unrelated parties</u>		
Accounts receivable	\$ 2,882,770	\$ 4,003,991
Less: Allowance for impairment loss	<u>(483,489)</u>	<u>(328,110)</u>
	<u>\$ 2,399,281</u>	<u>\$ 3,675,881</u>
<u>Other receivables</u>		
Loans receivable from subsidiaries (Note 31)	\$ 4,122,870	\$ -
Other receivable	<u>174,460</u>	<u>157,463</u>
	4,297,330	157,463
Less: Allowance for impairment loss	<u>(6,561)</u>	<u>(6,561)</u>
	<u>\$ 4,290,769</u>	<u>\$ 150,902</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 the past default experience of the debtor and an analysis of the debtor's current financial position and the economic condition of the industry in which the debtors operate. Due to indication of default on certain customers, the Company uses different provision matrixes from other customers and determines the expected credit loss ratio by reference to expected recoverable amounts.

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

The following table details the loss allowance of accounts receivable.

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Indication of Default	Total
<u>December 31, 2023</u>						
Expected credit loss rate	0%	5%-40%	70%	100%	100%	
Gross carrying amount	\$ 1,541,403	\$ 1,010,371	\$ 43,994	\$ -	\$ 287,002	\$ 2,882,770
Loss allowance (lifetime ECL)	<u>-</u>	<u>(165,691)</u>	<u>(30,796)</u>	<u>-</u>	<u>(287,002)</u>	<u>(483,489)</u>
Amortized cost	<u>\$ 1,541,403</u>	<u>\$ 844,680</u>	<u>\$ 13,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,399,281</u>

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Indication of Default	Total
<u>December 31, 2022</u>						
Expected credit loss rate	0%	5%-40%	70%	100%	80%	
Gross carrying amount	\$ 3,524,589	\$ 73,488	\$ 13,154	\$ -	\$ 392,760	\$ 4,003,991
Loss allowance (lifetime ECL)	-	(3,993)	(9,208)	-	(314,909)	(328,110)
Amortized cost	<u>\$ 3,524,589</u>	<u>\$ 69,495</u>	<u>\$ 3,946</u>	<u>\$ -</u>	<u>\$ 77,851</u>	<u>\$ 3,675,881</u>

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

	For the Year Ended December 31			
	2023		2022	
	Accounts Receivable	Other Receivables	Accounts Receivable	Other Receivables
Balance at January 1	\$ 328,110	\$ 6,561	\$ 3,250	\$ -
Add: Net remeasurement of loss allowance	<u>155,379</u>	<u>-</u>	<u>324,860</u>	<u>6,561</u>
Balance at December 31	<u>\$ 483,489</u>	<u>\$ 6,561</u>	<u>\$ 328,110</u>	<u>\$ 6,561</u>

10. INVENTORIES

	December 31	
	2023	2022
Finished goods and merchandise	\$ 1,497,328	\$ 2,998,254
Work in process	177,164	362,950
Raw materials and supplies	<u>2,534,448</u>	<u>5,466,511</u>
	<u>\$ 4,208,940</u>	<u>\$ 8,827,715</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$25,028,979 thousand and \$33,804,291 thousand, respectively. The cost of goods sold for the years ended December 31, 2023 and 2022 included inventory write-downs of \$286,415 thousand and \$450,990 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$28,105,738	\$27,613,855
Investments in associates	<u>118,567</u>	<u>90,834</u>
	<u>\$28,224,305</u>	<u>\$27,704,689</u>

a. Investment in subsidiaries

Investee	December 31			
	2023		2022	
	Amount	Ownership (%)	Amount	Ownership (%)
Gaiwin B.V. (“Gaiwin”)	\$ 10,397,457	100	\$ 11,350,373	100
Growood Investment Ltd. (“Growood”)	6,234,114	100	5,733,371	100
Giant Holding Co., Ltd. (“Giant Holding”)	4,640,327	100	4,194,581	100
Darzins Holdings Ltd. (“Darzins”)	3,862,706	100	3,718,217	100
YouBike Co., Ltd. (“YouBike”)	963,853	100	879,946	100
Giant Sales Co., Ltd. (“Giant Sales”)	579,721	100	533,112	100
Merdeka International Ltd. (“Merdeka”)	299,878	100	229,723	100
Giant Bicycle Mexico S. de R.L. de C.V. (“Giant Mexico”)	2	-	2	-
AIPS Technology Co., Ltd. (“AIPS”)	151,727	100	387,104	100
Giant Vietnam Manufacturing Company Limited (Giant Vietnam Mfg.)	514,928	100	587,426	100
Giant Sea Bicycle Company Limited (Giant Sea Bicycle) (Note)	<u>461,025</u>	100	<u>-</u>	100
	<u>\$ 28,105,738</u>		<u>\$ 27,613,855</u>	

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

The Company’s investments accounted for using the equity method are not a publicly quoted entity.

The Company established Gaiwin in the Netherlands and was approved by the Investment Commission, Ministry of Economic Affairs (MOEAIC). The nature of the business of Gaiwin’s investees in the Americas, Europe, Australia and Asia is selling of bicycles and related products.

The investments in China from Growood, Darzins and Merdeka were approved by MOEAIC. The nature of the business of the above-mentioned investments is manufacturing and selling of bicycles, electric bicycles and related products.

The investments in China were established by Giant Holding and were approved by MOEAIC. The nature of the business of the above-mentioned investments is manufacturing and selling of bicycles and related products, leasing bicycles and promotion of outdoor activities and China’s public bicycle rental.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 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 2023 and 2022 are as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 67,402	\$ 64,367
Effect of foreign currency exchange differences	<u>2,271</u>	<u>3,035</u>
Balance at December 31	<u>\$ 69,673</u>	<u>\$ 67,402</u>

b. Investments in associates

	December 31	
	2023	2022
Investments in insignificant associates	<u>\$ 118,567</u>	<u>\$ 90,834</u>

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Net income for the year	\$ 17,283	\$ 1,544
Other comprehensive income (loss)	<u>(205)</u>	<u>293</u>
Total comprehensive income for the year	<u>\$ 17,078</u>	<u>\$ 1,837</u>

In March 2023, Microprogram Information Co., Ltd. ("Microprogram") had a cash capital increase of \$18,000 thousand. The Company subscribed for additional new shares of Microprogram at a percentage different from its existing ownership percentage, reduced its continuing interest from 27% to 20%, and increased the capital surplus by \$10,654 thousand.

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, 2023 and 2022 were based on the associate's financial statements which have been audited for the same years.

12. OTHER CURRENT ASSETS

	December 31	
	2023	2022
Prepayments for purchases	\$ 67,218	\$ 17,885
Prepaid expense	66,919	58,882
Value - added tax	18,196	62,730
Others	<u>67,706</u>	<u>36,934</u>
	<u>\$ 220,039</u>	<u>\$ 176,431</u>

13. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2023				
	Beginning Balance	Additions	Disposals	Reclassified	Ending Balance
<u>Cost</u>					
Land	\$ 636,452	\$ -	\$ -	\$ -	\$ 636,452
Buildings	3,192,275	961	6,014	17,147	3,204,369
Machinery equipment	1,978,028	18,387	18,104	172,738	2,151,049
Mold equipment	563,614	33,048	3,100	130,127	723,689
Transportation equipment	43,901	-	15,841	-	28,060
Office equipment	164,217	11,350	662	4,860	179,765
Other equipment	<u>499,042</u>	<u>7,170</u>	<u>275</u>	<u>90,818</u>	<u>596,755</u>
	<u>\$ 7,077,529</u>	<u>\$ 70,916</u>	<u>\$ 43,996</u>	<u>\$ 415,690</u>	<u>7,520,139</u>
<u>Accumulated depreciation</u>					
Buildings	741,037	\$ 127,473	\$ 6,014	\$ -	862,496
Machinery equipment	1,268,769	238,218	18,104	-	1,488,883
Mold equipment	442,797	115,975	3,100	-	555,672
Transportation equipment	33,814	3,141	15,841	-	21,114
Office equipment	100,418	28,438	662	-	128,194
Other equipment	<u>242,628</u>	<u>111,815</u>	<u>275</u>	<u>-</u>	<u>354,168</u>
	<u>2,829,463</u>	<u>\$ 625,060</u>	<u>\$ 43,996</u>	<u>\$ -</u>	<u>3,410,527</u>
	<u>\$ 4,248,066</u>				<u>\$ 4,109,612</u>
<u>For the Year Ended December 31, 2022</u>					
	Beginning Balance	Additions	Disposals	Reclassified	Ending Balance
<u>Cost</u>					
Land	\$ 578,183	\$ -	\$ -	\$ 58,269	\$ 636,452
Buildings	3,087,173	853	1,684	105,933	3,192,275
Machinery equipment	1,673,724	35,947	29,001	297,358	1,978,028
Mold equipment	441,533	13,708	5,128	113,501	563,614
Transportation equipment	46,614	95	6,478	3,670	43,901
Office equipment	135,006	10,351	1,003	19,863	164,217
Other equipment	<u>285,024</u>	<u>32,371</u>	<u>3,218</u>	<u>184,865</u>	<u>499,042</u>
	<u>6,247,257</u>	<u>\$ 93,325</u>	<u>\$ 46,512</u>	<u>\$ 783,459</u>	<u>7,077,529</u>
<u>Accumulated depreciation</u>					
Buildings	607,096	\$ 126,014	\$ 1,684	\$ 9,611	741,037
Machinery equipment	1,086,741	210,829	28,801	-	1,268,769
Mold equipment	353,540	94,385	5,128	-	442,797
Transportation equipment	36,265	3,490	5,941	-	33,814
Office equipment	73,958	27,386	926	-	100,418
Other equipment	<u>151,928</u>	<u>93,917</u>	<u>3,217</u>	<u>-</u>	<u>242,628</u>
	<u>2,309,528</u>	<u>\$ 556,021</u>	<u>\$ 45,697</u>	<u>\$ 9,611</u>	<u>2,829,463</u>
	<u>\$ 3,937,729</u>				<u>\$ 4,248,066</u>

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

Buildings	
Main buildings	60 years
Electrical power equipment	10-50 years
Others	5-15 years
Machinery equipment	2-8 years
Mold equipment	2-3 years
Transportation equipment	5 years
Office equipment	3-5 years
Other equipment	2-25 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 260,228	\$ 265,896
Others	<u>7,759</u>	<u>5,645</u>
	<u>\$ 267,987</u>	<u>\$ 271,541</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 6,838</u>	<u>\$ 11,832</u>
Depreciation charge for right-of-use assets		
Land	\$ 5,668	\$ 5,636
Others	<u>4,724</u>	<u>3,114</u>
	<u>\$ 10,392</u>	<u>\$ 8,750</u>

Except for additions and the recognized depreciation expenses listed above, the Company's right-of-use assets did not have significant subleases or impairment for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 9,878</u>	<u>\$ 7,666</u>
Non-current	<u>\$ 259,683</u>	<u>\$ 264,560</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	0.71%	0.71%
Others	0.57%-1.52%	0.57%-0.71%

c. Material leasing activities and terms

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

15. INVESTMENT PROPERTIES

	For the Year Ended December 31, 2023			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost	\$ 228,526	\$ -	\$ -	\$ 228,526
Accumulated depreciation	<u>34,625</u>	<u>2,524</u>	<u>-</u>	<u>37,149</u>
	<u>\$ 193,901</u>	<u>\$ 2,524</u>	<u>\$ -</u>	<u>\$ 191,377</u>
	For the Year Ended December 31, 2022			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost	\$ 332,561	\$ -	\$ (104,035)	\$ 228,526
Accumulated depreciation	<u>41,712</u>	<u>2,524</u>	<u>(9,611)</u>	<u>34,625</u>
	<u>\$ 290,849</u>	<u>\$ 2,524</u>	<u>\$ (94,424)</u>	<u>\$ 193,901</u>

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	
	2023	2022
Year 1	\$ 8,716	\$ 8,716
Year 2	8,716	8,716
Year 3	8,716	8,716
Year 4	8,716	8,716
Year 5	<u>8,716</u>	<u>8,716</u>
	<u>\$ 43,580</u>	<u>\$ 43,580</u>

The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to selling price of similar properties in the vicinity which was announced in the official estate information platform of the Ministry of the Interior.

	December 31	
	2023	2022
Fair value	<u>\$ 560,539</u>	<u>\$ 482,196</u>

The investment properties have been leased out under operating leases. The rental income, classified as non-operating income - other income, generated for the years ended December 31, 2023 and 2022 was \$8,716 thousand and \$8,716 thousand, respectively.

16. CASH SURRENDER VALUE OF ANNUITY INSURANCE

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

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

	For the Year Ended December 31, 2022
Balance at January 1	\$ 6,198
Annuity insurance payment for the year	9,819
Annuity insurance received for the year	(16,117)
Increase in cash surrender value	<u>100</u>
Balance at December 31	<u>\$ -</u>

17. LOANS

a. Short-term bank loans

	December 31	
	2023	2022
<u>Unsecured bank loans</u>		
Line of credit loans	<u>\$ 3,300,000</u>	<u>\$ 4,880,000</u>
Effective interest rates (%)	1.65	1.004-1.65

b. Long-term bank loans

	December 31	
	2023	2022
<u>Unsecured bank loans</u>		
Line of credit loans	\$ 1,381,083	\$ 1,676,084
Less: Current portion of long-term borrowings	(449,750)	(295,000)
Less: Discounts on government grants (Note 28)	<u>(48,632)</u>	<u>(79,185)</u>
	<u>\$ 882,701</u>	<u>\$ 1,301,899</u>
Effective interest rates (%)	0.6	0.475

Line of credit loans are due in 2027.

18. BONDS PAYABLE

	December 31	
	2023	2022
Domestic unsecured convertible bonds	\$ 4,000,000	\$ 4,000,000
Less: Discount on bonds payable	<u>(188,522)</u>	<u>(241,444)</u>
	<u>\$ 3,811,478</u>	<u>\$ 3,758,556</u>

The Company issued 40,000 units of domestic unsecured convertible bonds at a principal amount of \$100 thousand with an issue price of 100.5% of the principal amount and 0% coupon rate for a total amount of \$4,020,000 thousand on June 13, 2023. The bond has a maturity of five years, from the issue date of June 13, 2023 to June 13, 2027.

Bondholders may convert the bonds into ordinary shares of the Company at the conversion price of \$290.7 per share during the conversion period of September 14, 2023 to June 13, 2027. Bonds held until maturity would be redeemed in cash at the principal amount. Other major clauses are as follows:

a. Put option of the bondholders

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

b. Redemption right of the Company

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

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

Proceeds from the issuance (net of minus transaction costs of \$4,810 thousand)	\$ 4,015,190
Equity component (net of transaction cost allocated to the equity component of \$317 thousand)	(263,283)
Derivatives from the redemption right and put option	<u>(22,000)</u>
Liability component as of the issue date of issuance (net of transaction cost allocated to the liability component of \$4,493 thousand)	3,729,907
Interest calculated using at the effective interest rate of 1.399%	<u>28,649</u>
Liability component as of December 31, 2022	3,758,556
Interest calculated using at the effective interest rate of 1.399%	<u>52,922</u>
Liability component as of December 31, 2023	<u>\$ 3,811,478</u>

19. OTHER PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Payables for salaries and bonuses	\$ 1,232,748	\$ 1,411,068
Payables for compensation of employees and remuneration of directors	414,601	690,624
Payables for purchase of equipment	112,825	113,614
Others	<u>672,538</u>	<u>931,323</u>
	<u>\$ 2,432,712</u>	<u>\$ 3,146,629</u>

20. PROVISIONS - CURRENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Warranties	<u>\$ 112,442</u>	<u>\$ 150,673</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 has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 8.96% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 594,146	\$ 710,082
Fair value of plan assets	<u>(590,494)</u>	<u>(624,020)</u>
Net defined benefit liabilities	<u>\$ 3,652</u>	<u>\$ 86,062</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, 2022	\$ 802,487	\$ (599,461)	\$ 203,026
Service cost			
Current service cost	3,860	-	3,860
Net interest expense (income)	<u>5,016</u>	<u>(3,832)</u>	<u>1,184</u>
Recognized in profit or loss	<u>8,876</u>	<u>(3,832)</u>	<u>5,044</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(46,976)	(46,976)
Actuarial gain - changes in financial assumptions	(31,045)	-	(31,045)
Actuarial gain - experience adjustments	<u>(15,813)</u>	<u>-</u>	<u>(15,813)</u>
Recognized in other comprehensive income	<u>(46,858)</u>	<u>(46,976)</u>	<u>(93,834)</u>
Contributions from the employer	-	(24,587)	(24,587)
Benefits paid	(50,836)	50,836	-
Payments from the employer	<u>(3,587)</u>	<u>-</u>	<u>(3,587)</u>
Balance at December 31, 2022	<u>\$ 710,082</u>	<u>\$ (624,020)</u>	<u>\$ 86,062</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ 710,082	\$ (624,020)	\$ 86,062
Service cost			
Current service cost	2,173	-	2,173
Net interest expense (income)	9,764	(8,762)	1,002
Recognized in profit or loss	11,937	(8,762)	3,175
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,343)	(4,343)
Actuarial loss - changes in financial assumptions	5,739	-	5,739
Actuarial gain - experience adjustments	(65,592)	-	(65,592)
Recognized in other comprehensive income	(59,853)	(4,343)	(64,196)
Contributions from the employer	-	(21,389)	(21,389)
Benefits paid	(68,020)	68,020	-
Payments from the employer	-	-	-
Balance at December 31, 2023	\$ 594,146	\$ (590,494)	\$ 3,652

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rates	1.25%	1.38%
Expected rates of salary increase	2.50%	2.50%

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

	December 31	
	2023	2022
Discount rates		
0.25% increase	\$ (11,391)	\$ (14,569)
0.25% decrease	\$ 11,745	\$ 15,041
Expected rates of salary increase		
0.25% increase	\$ 11,405	\$ 14,622
0.25% decrease	\$ (11,119)	\$ (14,237)

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	\$ 23,454	\$ 26,413
Average duration of the defined benefit obligation	7.8 years	8.4 years

22. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	495,000	495,000
Shares authorized	\$ 4,950,000	\$ 4,950,000
Shares issued and fully paid (in thousands of shares)	392,065	392,065

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

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

b. Capital surplus

	December 31	
	2023	2022
Share premium	\$ 4,284,624	\$ 4,284,624
Recognition of equity component of convertible bonds	263,283	263,283
Employee share options	95,401	95,401
Changes in percentage of ownership interests in subsidiaries	71,570	71,570
Changes in equity of associates accounted for using the equity method	10,654	-
Changes in capital surplus from investments in associates accounted for using the equity method	1,245	1,245
Others	<u>180</u>	<u>180</u>
	<u>\$ 4,726,957</u>	<u>\$ 4,716,303</u>

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

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 24-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 IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 which were approved in the shareholders' meetings on June 21, 2023, and June 23, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 591,943	\$ 588,711		
Special reserve (reversed)	(617,295)	584,071		
Cash dividends	3,058,104	3,750,646	\$ 7.8	\$ 10

The appropriation of earnings and dividends per share for 2023 which was proposed by the Company's board of directors on March 13, 2024 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 345,285	
Special reserve	79,925	
Cash dividends	1,960,323	\$ 5

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in their meeting to be held on June 21, 2024.

d. Special reserve

The increase in retained earnings that resulted from the first-time adoption of IFRS Accounting Standards 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 IFRS Accounting Standards adjustments on transitions to IFRS Accounting Standards. 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 IFRS Accounting Standards 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. REVENUE

Operating revenue

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers	<u>\$28,782,131</u>	<u>\$39,537,210</u>

Contract balances

	December 31		January 1
	2023	2022	2022
Notes receivable	\$ -	\$ -	\$ 452
Accounts receivable	<u>6,325,700</u>	<u>10,662,237</u>	<u>8,667,227</u>
	<u>\$ 6,325,700</u>	<u>\$ 10,662,237</u>	<u>\$ 8,667,679</u>
 Contract liabilities - current	 <u>\$ 7,862</u>	 <u>\$ 29,669</u>	 <u>\$ 41,944</u>

Refer to Statement 11 for details of revenue information.

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 91,868	\$ 84,123
Interest on lease liabilities	1,960	1,936
Interest on bonds	<u>52,922</u>	<u>28,649</u>
	<u>\$ 146,750</u>	<u>\$ 114,708</u>

b. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31					
	2023			2022		
	Operating Costs	Operating and Non-operating Expenses	Total	Operating Costs	Operating and Non-operating Expenses	Total
Short-term employee benefits	\$ 1,148,988	\$ 661,980	\$ 1,810,968	\$ 1,588,044	\$ 1,107,155	\$ 2,695,199
Labor insurance and health insurance	138,469	60,247	198,716	143,228	60,959	204,187
Post-employment benefits						
Defined contribution plans	46,447	22,302	68,749	49,069	21,578	70,647
Defined benefit plans	1,400	1,775	3,175	2,588	2,456	5,044
Remuneration of directors	-	117,818	117,818	-	178,116	178,116
Other employee benefits	91,116	23,865	114,981	116,062	42,672	158,734
Depreciation and amortization expenses	329,932	446,724	776,656	257,090	433,753	690,843

For the years ended December 31, 2023 and 2022, the average annual number of employees of the Company was 2,793 and 3,042, 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, 2023 and 2022, the average annual employee benefits expense were \$789 thousand and \$1,033 thousand, respectively. For the years ended December 31, 2023 and 2022, the average annual employee salaries were \$650 thousand and \$889 thousand, respectively. The average employee salaries decreased by 27% in 2023.

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

- 1) 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 2) and 3) below.
 - 2) 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.
 - 3) 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

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. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 13, 2024 and March 10, 2023, respectively, were as follows:

	For the Year Ended December 31			
	2023		2022	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	7.0%	\$ 322,534	7.1%	\$ 538,258
Remuneration of directors	2.0%	92,067	2.0%	152,366

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, 2022 and 2021.

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.

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 871,703	\$ 1,275,780
Income tax on unappropriated earnings	144,334	48,184
Adjustments for prior years	<u>(84,481)</u>	<u>(68,742)</u>
	931,556	1,255,222
Deferred tax		
In respect of the current year	<u>(144,187)</u>	<u>(171,444)</u>
Income tax expense recognized in profit or loss	<u>\$ 787,369</u>	<u>\$ 1,083,778</u>

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

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 837,752	\$ 1,385,532
Permanent differences	(293,697)	(421,662)
Temporary differences	327,648	311,910
Income tax on unappropriated earnings	<u>144,334</u>	<u>48,184</u>
Current income tax expense	1,016,037	1,323,964
Deferred income tax expense		
Temporary differences	(144,187)	(171,444)
Adjustments for prior years' tax	<u>(84,481)</u>	<u>(68,742)</u>
Income tax expense recognized in profit or loss	<u>\$ 787,369</u>	<u>\$ 1,083,778</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (12,839)	\$ (18,767)
Exchange differences on translation of the financial statements of foreign operations	<u>18,558</u>	<u>(154,474)</u>
Total income tax recognized in other comprehensive income	<u>\$ 5,719</u>	<u>\$ (173,241)</u>

c. Deferred tax assets and liabilities

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

	For the Year Ended December 31, 2023			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 501,463	\$ -	\$ 18,558	\$ 520,021
Deferred recognition of bonuses payable	183,965	12,987	-	196,952
Allowance for inventory devaluation	131,725	57,283	-	189,008
Unrealized intercompany profit	272,731	241,369	-	514,100
Provisions	30,135	(7,646)	-	22,489
Allowance for impairment loss	44,954	39,438	-	84,392
Defined benefit obligations	22,263	-	(12,839)	9,424
Unrealized loss on foreign currency exchange	6,991	13,376	-	20,367
Others	71,604	(25,801)	-	45,803
	<u>\$ 1,265,831</u>	<u>\$ 331,006</u>	<u>\$ 5,719</u>	<u>\$ 1,602,556</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 1,164,575	\$ 183,176	\$ -	\$ 1,347,751
Reserve for land revaluation increment tax	98,974	-	-	98,974
Defined benefit obligations	39,296	3,643	-	42,939
	<u>\$ 1,302,845</u>	<u>\$ 186,819</u>	<u>\$ -</u>	<u>\$ 1,489,664</u>

For the Year Ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 655,937	\$ -	\$ (154,474)	\$ 501,463
Deferred recognition of bonuses payable	164,657	19,308	-	183,965
Allowance for inventory devaluation	41,527	90,198	-	131,725
Unrealized intercompany profit	130,552	142,179	-	272,731
Provisions	31,335	(1,200)	-	30,135
Allowance for impairment loss	-	44,954	-	44,954
Defined benefit obligations	41,030	-	(18,767)	22,263
Unrealized loss on foreign currency exchange	5,837	1,154	-	6,991
Others	51,944	19,660	-	71,604
	<u>\$ 1,122,819</u>	<u>\$ 316,253</u>	<u>\$ (173,241)</u>	<u>\$ 1,265,831</u>

Deferred Tax Liabilities

Temporary differences				
Unappropriated earnings of subsidiaries	\$ 1,024,108	\$ 140,467	\$ -	\$ 1,164,575
Reserve for land revaluation increment tax	98,974	-	-	98,974
Defined benefit obligations	34,671	4,625	-	39,296
Others	283	(283)	-	-
	<u>\$ 1,158,036</u>	<u>\$ 144,809</u>	<u>\$ -</u>	<u>\$ 1,302,845</u>

d. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

26. 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, 2023</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 3,401,394	392,065	<u>\$ 8.68</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	2,251	
Convertible bonds	<u>42,338</u>	<u>13,720</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 3,443,732</u>	<u>408,036</u>	<u>\$ 8.44</u>
<u>For the year ended December 31, 2022</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 5,843,875	376,834	<u>\$ 15.51</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	3,143	
Convertible bonds	<u>22,919</u>	<u>7,593</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 5,866,794</u>	<u>387,570</u>	<u>\$ 15.14</u>

The Company may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENT

Issuance of shares from cash capital increase reserved for employee subscription

On March 25, 2022, the Company's board of directors resolved to issue ordinary shares for cash and reserved 1,700 thousand shares for employee subscription in accordance with the Company Act. For the waiver of subscribed shares by employees or the undersubscribed portion, the chairman was authorized to designate specific parties for the subscription.

On November 4, 2022, Black-Scholes pricing model was used for the issuance of shares from cash capital increase reserved for employee subscription, and the inputs to the model were as follows:

	November 4, 2022
Grant-date share price (NT\$)	207
Exercise price (NT\$)	162
Expected volatility (%)	32.88
Expected life (in years)	0.041
Risk-free interest rate (%)	1.0012%

The Company recognized a compensation cost of \$76,619 thousand under the above share-based payment arrangement for the year ended December 31, 2022.

28. GOVERNMENT GRANTS

As of December 31, 2023, the Company received a preferential interest rate loan of \$1,799,000 thousand from the government's "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan". The amount was used in capital expenditure and operating turnover. The loan was expected to be repaid in installments between 2022 and 2027. Using the prevailing market interest rate at an equivalent loan rate of 1.35%-1.6%, the fair value of the loan was estimated at \$1,627,734 thousand on initial recognition. The difference of \$171,266 thousand between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan and has been recognized as deferred revenue. The revenue was transferred to other revenue over the period of the term.

If the Company fails to meet the key points in the agreement during the loan period and the National Development Fund terminates the grant, the Company shall pay the original interest rate plus the annual interest rate.

29. CAPITAL MANAGEMENT

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

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

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

30. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 727	\$ -	\$ 727
Swaps contracts	<u>-</u>	<u>30,785</u>	<u>-</u>	<u>30,785</u>
	<u>\$ -</u>	<u>\$ 31,512</u>	<u>\$ -</u>	<u>\$ 31,512</u>
Financial assets at FVTOCI				
Domestic listed company	\$ 1,379	\$ -	\$ -	\$ 1,379
Domestic unlisted company	<u>-</u>	<u>-</u>	<u>29,486</u>	<u>29,486</u>
	<u>\$ 1,379</u>	<u>\$ -</u>	<u>\$ 29,486</u>	<u>\$ 30,865</u>
Financial liabilities at FVTPL				
Redemption right and put option of domestic convertible bonds	<u>\$ -</u>	<u>\$ 33,200</u>	<u>\$ -</u>	<u>\$ 33,200</u>
<u>December 31, 2022</u>				
Financial assets at FVTOCI				
Domestic listed company	<u>\$ 1,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,468</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 5,858	\$ -	\$ 5,858
Redemption right and put option of domestic convertible bonds	<u>-</u>	<u>27,200</u>	<u>-</u>	<u>27,200</u>
	<u>\$ -</u>	<u>\$ 33,058</u>	<u>\$ -</u>	<u>\$ 33,058</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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, 2023
Balance, beginning of year	\$ -
Additions	30,000
Recognized in other comprehensive income	<u>(514)</u>
Balance, end of year	<u>\$ 29,486</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Foreign exchange forward contracts and swap contracts	Discounted cash flows. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Redemption right and put option of convertible bonds	Binomial tree pricing model of convertible bonds. Pricing is based on the volatility of conversion price, risk-free interest rate, risk discount rate and number of years to maturity.

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

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

b. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 31,512	\$ -
Financial assets at amortized cost (1)	11,348,730	11,834,306
Financial assets at FVTOCI	30,865	1,468
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	33,200	33,058
Financial liabilities at amortized cost (2)	10,968,777	17,588,705

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

2) The balances included financial liabilities at amortized cost, which comprise short-term bank loans,

notes payable, accounts payable, other payables, bonds payable and long-term bank loans (including the current portion).

c. Financial risk management objectives and policies

The Company's major financial instruments included equity investments, accounts receivable, accounts payable, bonds payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risk arising on the export.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposes the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 33.

Sensitivity analysis

The Company is mainly exposed to the USD, EUR, JPY and RMB.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusted 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	
	2023	2022
USD	\$ 34,330	\$ 49,550
EUR	50,201	13,882
JPY	277	(446)
RMB	5,680	4,305

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	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 4,122,870	\$ -
Financial liabilities	7,381,039	5,910,782
Cash flow interest rate risk		
Financial assets	731,113	928,475
Financial liabilities	1,332,451	4,676,083

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 assets and 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, 2023 and 2022 would have increased/decreased by \$1,503 thousand and \$9,369 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 33% and 31% of total accounts receivable as of December 31, 2023 and 2022, 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, 2023 and 2022, the Company had available unutilized bank loan facilities of \$20,868,699 thousand and \$19,835,917 thousand, respectively.

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

	Less Than 1 Year	1-2 Years	Over 2 Years
<u>December 31, 2023</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 3,300,000	\$ -	\$ -
Payables	1,797,858	-	-
Lease liabilities	11,777	9,342	293,335
Other payables	726,990	-	-
Bonds payable	-	-	3,811,478
Long-term bank loans	<u>449,750</u>	<u>-</u>	<u>882,701</u>
	<u>\$ 6,286,375</u>	<u>\$ 9,342</u>	<u>\$ 4,987,514</u>
<u>December 31, 2022</u>			
Non-derivative financial liabilities			
Short-term bank loans	\$ 4,880,000	\$ -	\$ -
Payables	4,206,621	-	-
Lease liabilities	9,560	9,240	306,816
Other payables	978,822	-	-
Bonds payable	-	-	3,758,556
Long-term bank loans	<u>295,000</u>	<u>-</u>	<u>1,301,899</u>
	<u>\$ 10,370,003</u>	<u>\$ 9,240</u>	<u>\$ 5,367,271</u>

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Giant Co., Ltd. (“Giant Japan”)	Subsidiary
Giant Benelux B.V. (“Giant Benelux”)	Subsidiary
Giant Bicycle Canada Inc. (“Giant Canada”)	Subsidiary
Giant Bicycle Company Pty. Ltd. (“Giant Australia”)	Subsidiary
Giant Bicycle Inc. (“Giant USA”)	Subsidiary
Giant Mexico	Subsidiary
Giant Deutschland GmbH (“Giant Germany”)	Subsidiary
Giant Europe B.V. (“Giant Europe”)	Subsidiary
Giant Italia S.R.L. (“Giant Italy”)	Subsidiary
Giant Korea Co., Ltd. (“Giant Korea”)	Subsidiary
Giant Polska Sp. ZO. O. (“Giant Polska”)	Subsidiary
Giant France	Subsidiary
Giant U.K. Ltd. (“Giant UK”)	Subsidiary
Giant Europe Manufacturing B.V. (“Giant Europe Mfg.”)	Subsidiary
Giant Manufacturing Hungary Ltd. (“Giant Hungary Mfg.”)	Subsidiary
Giant Vietnam Mfg.	Subsidiary
Giant (China) Co., Ltd. (“Giant China”)	Subsidiary
Giant (Tianjin) Co., Ltd. (“Giant Tianjin”)	Subsidiary
Giant Sales	Subsidiary
Giant (Chengdu) Co., Ltd. (“Giant Chengdu”)	Subsidiary
Giant (Kunshan) Co., Ltd. (“Giant Kunshan”)	Subsidiary
Giant Holding	Subsidiary
Giant Adventure Co., Ltd. (“Giant Adventure”)	Subsidiary
Giant Electric Vehicle (Kunshan) Co., Ltd. (“Giant Electric Vehicle”)	Subsidiary
YouBike	Subsidiary
D. Mag New Material Technology Co., Ltd. (“D. Mag”)	Subsidiary
AIPS	Subsidiary
Microprogram	Associate
Cycling Life-style Foundation	Other

b. Sales revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Giant Europe	\$ 5,327,061	\$ 7,702,231
	Giant Europe Mfg. Subsidiaries	2,540,877	4,656,415
	Others	9,943,634	11,940,215
		<u>-</u>	<u>23</u>
		<u>\$ 17,811,572</u>	<u>\$ 24,298,884</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	
	2023	2022
Giant Kunshan	\$ 32,922	\$ 18,226
Giant Tianjin	25,106	299
Giant Electric Vehicle	6,288	49,501
Giant China	<u>2,725</u>	<u>9,056</u>
	<u>\$ 67,041</u>	<u>\$ 77,082</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Giant Electric Vehicle	\$ 1,042,077	\$ 3,495,933
Subsidiaries	1,323,159	1,591,348
Associates	<u>249,945</u>	<u>131,343</u>
	<u>\$ 2,615,181</u>	<u>\$ 5,218,624</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	
	2023	2022
Giant Electric Vehicle	\$ 12,416	\$ 106,190
D. Mag	7,899	8,269
Giant Kunshan	1,386	16,398
Giant China	<u>2</u>	<u>278</u>
	<u>\$ 21,703</u>	<u>\$ 131,135</u>

d. Operating costs

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 72,570	\$ 163,382
Associates	<u>12</u>	<u>20</u>
	<u>\$ 72,582</u>	<u>\$ 163,402</u>

e. Operating expense

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 6,851	\$ 9,225
Associates	-	850
	<u>\$ 6,851</u>	<u>\$ 10,075</u>

f. Royalty income

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Giant Kunshan	\$ 140,279	\$ 118,256
Giant Tianjin	88,376	54,469
Giant Chengdu	25,082	14,434
Giant Electric Vehicle	19,094	27,226
Giant China	<u>15,030</u>	<u>18,493</u>
	<u>\$ 287,861</u>	<u>\$ 232,878</u>

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

g. Management service income

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Giant Japan	<u>\$ 8,373</u>	<u>\$ 9,556</u>

The Company has signed a management service contract with its subsidiaries for provided services such as marketing management consulting. Management service income is calculated at 1% of the net sales per month.

h. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable	Giant Europe Mfg.	\$ 983,766	\$ 2,563,473
	Giant Europe Subsidiaries	872,445	1,367,385
		<u>2,070,208</u>	<u>3,055,498</u>
		<u>\$ 3,926,419</u>	<u>\$ 6,986,356</u>
Other receivables	Subsidiaries	<u>\$ 110,385</u>	<u>\$ 107,614</u>

i. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2023	2022
Accounts payable	Giant Electric Vehicle	\$ 169,780	\$ 586,609
	Subsidiaries	242,085	273,765
	Associates	<u>72,191</u>	<u>41,166</u>
		<u>\$ 484,056</u>	<u>\$ 901,540</u>
Other payables (excluding loans from related parties)	Subsidiaries	<u>\$ 74,942</u>	<u>\$ 67,401</u>

j. Acquisition of property, plant and equipment

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiaries	<u>\$ -</u>	<u>\$ 998</u>

k. Loans to related parties

Line Items	Related Party Category/Name	December 31	
		2023	2022
Loans receivable	Giant Europe	\$ 2,707,600	\$ -
	Giant Europe Mfg.	1,353,800	-
	Ginat Vietnam Mfg.	<u>61,470</u>	<u>-</u>
		<u>\$ 4,122,870</u>	<u>\$ -</u>

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Interest income	Subsidiaries	<u>\$ 70,185</u>	<u>\$ -</u>

The Company provided its subsidiaries with unsecured short-term loans at rates comparable to market interest rates.

l. Endorsements and guarantees, refer to Table 2.

m. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 266,887	\$ 286,286
Post-employment benefits	<u>1,261</u>	<u>945</u>
	<u>\$ 268,148</u>	<u>\$ 287,231</u>

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

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Company on December 31, 2023 were as follows:

- a. The Company had a commitment to acquire property, plant and equipment for \$26,258 thousand.
- b. Product liability

The contract period of the existing product liability insurance policy (the “policy”) of the Company is from August 1, 2023 to August 1, 2024. The policy covers all products manufactured by the Company that are sold all over the world. The maximum indemnity for claims arising from one originating cause is US\$10,000 thousand.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>						
Monetary items						
USD	\$ 127,752	30.735	\$ 3,926,458	\$ 207,601	30.708	\$ 6,375,012
EUR	154,238	33.845	5,220,185	49,614	32.731	1,623,916
JPY	470,735	0.2163	101,820	521,231	0.2326	121,238
RMB	174,383	4.3089	751,399	162,917	4.4113	718,676
Non-monetary items						
Investments accounted for using the equity method						
USD	338,413	30.735	10,401,112	315,270	30.708	9,681,312
EUR	307,208	33.845	10,397,459	346,778	32.731	11,350,374
RMB	1,076,917	4.3089	4,640,327	950,872	4.4113	4,194,581
<u>Financial liabilities</u>						
Monetary items						
USD	16,055	30.735	493,450	46,243	30.708	1,420,030
EUR	5,911	33.845	200,058	7,202	32.731	235,729
JPY	342,895	0.2163	74,168	712,828	0.2326	165,804
RMB	42,555	4.3089	183,365	65,326	4.4113	288,173

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

Foreign Currency	For the Year Ended December 31			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.158 (USD:NTD)	\$ 69,610	29.807 (USD:NTD)	\$ 555,955
JPY	0.2219 (JPY:NTD)	(13,233)	0.2272 (JPY:NTD)	(41,484)
EUR	33.674 (EUR:NTD)	157,581	31.324 (EUR:NTD)	98,833
RMB	4.3929 (RMB:NTD)	<u>8,661</u>	4.4191 (RMB:NTD)	<u>17,440</u>
		<u>\$ 222,619</u>		<u>\$ 630,744</u>

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

b. Information on investments in mainland China

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

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 9)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 9)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (None)

TABLE 1

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED ENTITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Notes 6 and 7)	Ending Balance (Note 6)	Actual Borrowing Amount (Notes 7 and 8)	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amounts	Reasons for Short-Term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	Giant	Giant Enlope	Loans receivable - related parties	Yes	\$ 2,707,600 (EUR 80,000)	\$ 2,707,600 (EUR 80,000)	\$ 2,707,600 (EUR 80,000)	3.97% - 4.96%	2	\$ -	Operating Capital	\$ -	-	\$ 3,368,126 (Note 2)	\$ 13,472,506 (Note 5)	
		Giant Enlope Mfg.	Loans receivable - related parties	Yes	\$ 1,353,800 (EUR 40,000)	\$ 1,353,800 (EUR 40,000)	\$ 1,353,800 (EUR 40,000)	4.96%	2	-	Operating Capital	-	-	\$ 3,368,126 (Note 2)	\$ 13,472,506 (Note 5)	
		Giant Vietnam Mfg. AIPS	Loans receivable - related parties	Yes	\$ 614,700 (USD 20,000)	\$ 614,700 (USD 20,000)	\$ 614,700 (USD 2,000)	6.17%	2	-	Operating Capital	-	-	\$ 3,368,126 (Note 2)	\$ 13,472,506 (Note 5)	
1	Giant China	Quanzhou YouBike	Loans receivable - related parties	Yes	21,545 (RMB 5,000)	-	-	-	2	-	Operating Capital	-	-	1,982,094 (Note 3)	1,982,094 (Note 3)	
		Jiangsu Giant Adventure	Loans receivable - related parties	Yes	8,618 (RMB 2,000)	8,618 (RMB 2,000)	8,618 (RMB 2,000)	3.29%	2	-	Operating Capital	-	-	1,982,094 (Note 3)	1,982,094 (Note 3)	
2	Giant Electric Vehicle	Purian YouBike	Loans receivable - related parties	Yes	193,901 (RMB 45,000)	-	-	3.29%	2	-	Operating Capital	-	-	1,292,670 (Note 3)	1,292,670 (Note 3)	
		Light Metal Malaysia	Loans receivable - related parties	Yes	8,618 (RMB 2,000)	8,618 (RMB 2,000)	8,618 (RMB 2,000)	2.85% - 3.35%	2	-	Operating Capital	-	-	1,075,725 (Note 3)	1,075,725 (Note 3)	
3	D. Mag	Light Metal Hainan	Loans receivable - related parties	Yes	416,671 (RMB 96,700)	416,671 (RMB 96,700)	416,671 (RMB 96,700)	2.85%	2	-	Operating Capital	-	-	1,075,725 (Note 3)	1,075,725 (Note 3)	
		Light Metal Hainan	Loans receivable - related parties	Yes	1,015,350 (EUR 30,000)	-	-	0.65%	2	-	Operating Capital	-	-	2,369,150 (Note 3)	2,369,150 (Note 3)	
4	Gawwin	Giant Hungary Mfg.	Loans receivable - related parties	Yes	614,700 (USD 20,000)	614,700 (USD 20,000)	307,350 (USD 10,000)	6.42% - 6.55%	2	-	Operating Capital	-	-	1,075,725 (Note 3)	1,075,725 (Note 3)	
		Giant Mexico	Loans receivable - related parties	Yes	77,560 (RMB 18,000)	77,560 (RMB 18,000)	-	3.29%	2	-	Operating Capital	-	-	1,075,725 (Note 3)	1,075,725 (Note 3)	
5	Quanzhou YouBike	Purian YouBike	Loans receivable - related parties	Yes	21,545 (RMB 5,000)	-	-	-	2	-	Operating Capital	-	-	1,982,094 (Note 3)	1,982,094 (Note 3)	
		Jiangsu Giant Adventure	Loans receivable - related parties	Yes	8,618 (RMB 2,000)	8,618 (RMB 2,000)	8,618 (RMB 2,000)	3.29%	2	-	Operating Capital	-	-	1,982,094 (Note 3)	1,982,094 (Note 3)	

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

Note 2: The financing limit for each borrower is up to 10% of the net asset value of Giant.

Note 3: 1) Giant China, Giant Electric Vehicle and Giant Holding: Up to RMB 0.25 billion, RMB 0.3 billion and RMB 0.25 billion, respectively, for the financing limit for each borrower and the aggregate financing limit.
2) YouBike: Up to 10% and 40% of its net asset value in the most recent financial statements as the financing limit for each borrower and the aggregate financing limit, respectively.
3) Gawwin: Up to EUR 70 million for the financing limit for each borrower and the aggregate financing limit.
4) The other subsidiaries: Up to USD35,000 thousand for the financing limit for each borrower and the aggregate financing limit.

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

Note 5: The aggregate financing limit is up to 40% of the net asset value of Giant.

Note 6: The ending balance amount has been approved by the board of directors.

Note 7: The ending balance and actual borrowing amount used are recorded using prevailing exchange rate at balance sheet date.

TABLE 2

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes 4 and 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 5 and 6)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given On behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Giant	Giant Hungary Mfg.	2	\$ 8,420,316	\$ 2,064,545 (EUR 61,000)	\$ 2,064,545 (EUR 61,000)	\$ 1,907,878 (EUR 56,371)	-	6.13%	\$ 16,840,632	Y	N	N
1	Giant Sales	Giant Vietnam Mfg.	2	8,420,316	614,700 (USD 20,000)	614,700 (USD 20,000)	302,400 (USD 9,839)	-	1.83%	16,840,632	Y	N	N
2	Giant China	YouBike Giant Holding	4 4	1,500,000 1,075,725	221,625 (RMB 1,056)	221,625 (RMB 1,056)	221,625 (RMB 1,056)	-	35% 0.19%	1,500,000 1,075,725	N N	N N	N Y

Note 1: 1) Giant is numbered 0.

2) Subsidiaries are numbered starting from 1.

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

1) A company with a business relationship.

2) A company in which Giant directly and indirectly holds more than 50% of the voting shares.

3) A company that directly and indirectly holds more than 50% of the voting shares in Giant.

4) Companies in which Giant directly or indirectly holds 90% or more of the voting shares.

5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for the purpose of undertaking a construction project.

6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction houses pursuant to the Consumer Protection Act.

Note 3: Up to 25% of the net asset value of Giant, up to \$1,500,000 thousand of Giant sales, and up to 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, 2023
(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, 2023			
				Shares	Carrying Value	Percentage of Ownership	Fair Value
Grant	Domestic listed company KMC (Kuei Meng) International Inc.	-	Financial assets at FVTOCI - non-current	10,484	\$ 1,379	-	\$ 1,379
	Domestic unlisted company Research Innovation Capital Corporation.	-	Financial assets at FVTOCI - non-current	6,000,000	29,486	17.9	29,486
D. Mag	Foreign unlisted company Chongqing Guochuang Light Alloy Research Institute Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	29,318	-	29,318

TABLE 4

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES TO AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Gain (Loss) on Disposal
Giant	Giant Sea Bicycle	Investments accounted for using the equity method	-	Subsidiaries	-	\$ -	-	USD 15,000	-	\$ -	-	-	USD 15,000 (Note)
Gaiwin	Giant Europe	Investments accounted for using the equity method	-	Subsidiaries	1,200	EUR 15,736 (Note)	-	EUR 30,000	-	-	-	1,200	EUR 45,736 (Note)
Giant Europe	Giant Hungary Mfg.	Investments accounted for using the equity method	-	Subsidiaries	-	EUR 15,000 (Note)	-	EUR 30,000	-	-	-	-	EUR 45,000 (Note)

Note: Original investment amount.

TABLE 5

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, 2023
(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	Collection Terms	Unit Price	Collection Terms	Ending Balance	% to Total		
Giant	Giant Sales	Investee of Giant	\$ (615,882)	(2)	T/T 15 days	-	-	\$ 47,639	1		
	YodBike	Investee of Giant	(710,071)	(2)	T/T 30 days	-	-	127,417	2		
	Giant China	Investee of Growood	(248,619)	(1)	T/T 90 days	-	-	65,632	1		
	Giant Kunshan	Investee of Giant Holding	(1,298,158)	(5)	T/T 90 days	-	-	350,090	6		
	Giant Tianjin	Investee of Growood	(832,541)	(3)	T/T 90 days	-	-	235,920	4		
	Giant Electric Vehicle	Investee of Growood	(381,453)	(1)	T/T 90 days	-	-	46,980	1		
	Giant Japan	Investee of Gaiwin	(145,144)	(1)	T/T 15 days	-	-	64	-		
	Giant Korea	Investee of Gaiwin	(180,442)	(1)	T/T 15 days	-	-	23,122	-		
	Giant Australia	Investee of Gaiwin	(1,162,615)	(4)	T/T 30 days	-	-	123,119	2		
	Giant Europe Mfg.	Investee of Giant Europe	(2,540,877)	(9)	T/T 90 days	-	-	983,766	16		
AIPS	Giant Hungary Mfg.	Investee of Giant Europe	(610,717)	(2)	T/T 120 days	-	-	288,350	5		
	Giant Europe	Investee of Gaiwin	(5,327,061)	(19)	T/T 60 days	-	-	872,445	14		
	Giant France	Investee of Giant Europe	(170,000)	(1)	T/T 60 days	-	-	11,027	-		
	Giant Germany	Investee of Giant Europe	(366,936)	(1)	T/T 60 days	-	-	77,395	1		
	Giant UK	Investee of Giant Europe	(1,075,502)	(4)	T/T 60 days	-	-	391,092	6		
	Giant Poland	Investee of Giant Europe	(248,854)	(1)	T/T 60 days	-	-	33,805	1		
	Giant USA	Investee of Gaiwin	(1,005,277)	(3)	T/T 90 days	-	-	25,469	-		
	Giant Canada	Investee of Gaiwin	(609,603)	(2)	T/T 90 days	-	-	160,224	3		
	Giant Mexico	Investee of Gaiwin	(142,829)	-	T/T 120 days	-	-	43,588	1		
	Giant	Parent company	(128,859)	(23)	T/T 60 days	-	-	35,997	59		
Giant Tianjin	Giant Kinshan	Investee of Giant Holding	(542,581)	(6)	T/T 90 days	-	-	208,787	33		
	Giant Chengdu	Investee of Merdeka	(1,056,321)	(12)	T/T 90 days	-	-	268,824	42		
	Giant	Parent company	(1,042,077)	(16)	T/T 60 days	-	-	168,769	21		
	Giant Australia	Investee of Gaiwin	(140,205)	(2)	T/T 60 days	-	-	31,417	4		
	Giant Hungary Mfg.	Investee of Giant Europe	(240,803)	(4)	T/T 60 days	-	-	41,693	5		
	Giant Europe	Investee of Gaiwin	(1,183,890)	(19)	T/T 60 days	-	-	260,574	33		
	Giant France	Investee of Giant Europe	(152,316)	(2)	T/T 60 days	-	-	8,984	1		
	Giant Germany	Investee of Giant Europe	(188,851)	(3)	T/T 60 days	-	-	26,786	3		
	Giant USA	Investee of Gaiwin	(141,723)	(2)	T/T 60 days	-	-	3,757	-		
	Giant	Parent company	(247,827)	(4)	T/T 60 days	-	-	28,277	4		
Giant Kunshan	Giant Canada	Investee of Gaiwin	(657,528)	(5)	T/T 90 days	-	-	117,096	11		
	Giant Sales	Investee of Giant	(201,997)	(2)	T/T 60 days	-	-	34,603	3		
	Giant China	Investee of Growood	(153,794)	(1)	T/T 90 days	-	-	38,413	4		
	Giant Tianjin	Investee of Growood	(1,666,866)	(13)	T/T 90 days	-	-	480,208	45		
	Giant Chengdu	Investee of Merdeka	(393,516)	(3)	T/T 90 days	-	-	59,913	6		
	Giant Japan	Investee of Gaiwin	(212,679)	(2)	T/T 30 days	-	-	4,665	-		
	Giant Korea	Investee of Gaiwin	(142,821)	(1)	T/T 60 days	-	-	7,261	1		
	Giant Australia	Investee of Gaiwin	(277,517)	(2)	T/T 30 days	-	-	48,034	4		
	Giant Europe Mfg.	Investee of Giant Europe	(333,157)	(3)	T/T 90 days	-	-	95,005	9		
	Giant USA	Investee of Gaiwin	(248,492)	(2)	T/T 90 days	-	-	11,037	1		
Giant Canada	Investee of Gaiwin	(134,349)	(1)	T/T 90 days	-	-	42,363	4			

(Continued)

Purchaser or Seller	Related Party	Nature of Relationship with the Purchaser or Seller	Transaction Details			Abnormal Transaction		Notes and Accounts Receivable (Payable) Ending Balance	% to Total	Note
			Purchase or Sale	Amount	% to Total	Collection Terms	Unit Price			
Giant China	Giant Kunshan	Investee of Giant Holding	Sales	(2,44,873)	(3)	T/T 90 days	-	\$ 69,253	4	
	Giant Tianjin	Investee of Growood	Sales	(171,524)	(2)	T/T 90 days	-	79,487	5	
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(319,015)	(4)	T/T 120 days	-	60,360	4	
	Giant Europe	Investee of Gaiwin	Sales	(673,401)	(9)	T/T 60 days	-	147,693	9	
	Giant UK	Investee of Giant Europe	Sales	(174,679)	(2)	T/T 90 days	-	25,381	2	
	Giant Hungary Mfg.	Investee of Giant Europe	Sales	(174,275)	(2)	T/T 30 days	-	-	-	
	Giant Europe	Investee of Gaiwin	Sales	(2,040,120)	(27)	T/T 30 days	-	90,924	5	
	Giant Benelux	Investee of Giant Europe	Sales	(354,324)	(5)	T/T 30 days	-	78	-	
	Giant Germany	Investee of Giant Europe	Sales	(260,464)	(3)	T/T 30 days	-	487	-	
	Giant Polska	Investee of Giant Europe	Sales	(111,290)	(1)	T/T 30 days	-	10,399	-	
Giant Hungary Mfg.	Giant Europe Mfg.	Investee of Giant Europe	Sales	(360,679)	(10)	T/T 30 days	-	308,018	40	
	Giant Europe	Investee of Gaiwin	Sales	(345,525)	(9)	T/T 30 days	-	6,040	1	
	Giant Benelux	Investee of Giant Europe	Sales	(621,465)	(17)	T/T 30 days	-	10,434	1	
	Giant Germany	Investee of Giant Europe	Sales	(201,400)	(5)	T/T 30 days	-	1,694	-	
	Giant Benelux	Investee of Giant Europe	Sales	(1,071,670)	(12)	T/T 30 days	-	36,343	1	
	Giant France	Investee of Giant Europe	Sales	(2,837,806)	(32)	T/T 30 days	-	1,355,069	55	
	Giant Germany	Investee of Giant Europe	Sales	(3,043,597)	(34)	T/T 30 days	-	672,508	27	
	Giant Italy	Investee of Giant Europe	Sales	(699,232)	(8)	T/T 30 days	-	239,096	10	
	Giant	Parent company	Sales	(337,844)	(5)	T/T 60 days	-	51,072	3	
	Giant China	Investee of Growood	Sales	(170,232)	(2)	T/T 30 days	-	48,422	3	
Giant Kunshan	Giant Kunshan	Investee of Giant Holding	Sales	(860,794)	(12)	T/T 30 days	-	227,396	12	
	Giant Tianjin	Investee of Growood	Sales	(441,441)	(6)	T/T 30 days	-	132,765	7	
	Light Metal Haian	Investee of D. Mag	Sales	(570,311)	(8)	T/T 120 days	-	267,898	15	
	Golden Rich	Investee of D. Mag	Sales	(249,820)	(3)	T/T 60 days	-	49,736	3	
	D. Mag	Investee of Darzins	Sales	(518,092)	(7)	T/T 120 days	-	87,964	63	
	D. Mag	Investee of Darzins	Sales	(518,092)	(7)	T/T 120 days	-	87,964	63	

(Concluded)

TABLE 6

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, 2023
 (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 Kunshan	Investee of Giant Holding	Accounts receivable - related parties \$ 350,090	4	\$ -	-	\$ 214,401	\$ -
	Giant Tianjin	Investee of Growood	Other receivables - related parties 35,575	-	1,813	-	35,487	-
	YouBike	Investee of Giant	Accounts receivable - related parties 235,920	6	-	-	198,989	-
	Giant Australia	Investee of Giant	Other receivables - related parties 13,810	-	29	-	13,788	-
	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties 127,417	8	-	-	127,417	-
	Giant Hungary Mfg.	Investee of Giant Europe	Other receivables - related parties 11	-	-	-	11	-
	Giant UK	Investee of Giant Europe	Accounts receivable - related parties 123,119	14	62,152	-	123,119	-
	Giant Canada	Investee of Giant	Accounts receivable - related parties 983,766	1	562,480	-	325,748	-
	Giant Chengdu	Investee of Giant	Loans receivable - related parties 1,353,800	-	-	-	-	-
	Giant Electric Vehicle	Investee of Giant Holding	Other receivables - related parties 970	-	-	-	894	-
Gaiwin B.V.	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 288,350	2	-	-	136,397	-
	Giant Mexico	Investee of Gaiwin	Other receivables - related parties 2,329	-	31	-	2,265	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties 872,445	5	305,009	-	305,009	-
	Giant Kunshan	Investee of Gaiwin	Loans receivable - related parties 2,707,600	-	-	-	-	-
	Giant Tianjin	Investee of Gaiwin	Other receivables - related parties 644	-	210	-	210	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties 391,092	3	277,848	-	214,472	-
	Giant Europe	Investee of Gaiwin	Other receivables - related parties 188	-	24	-	24	-
	Giant Mexico	Investee of Gaiwin	Accounts receivable - related parties 160,224	4	-	-	117,840	-
	Giant USA	Investee of Gaiwin	Other receivables - related parties 390	-	-	-	298	-
	Giant Kunshan	Investee of Gaiwin	Accounts receivable - related parties 208,787	3	-	-	91,791	-
Gaiwin B.V.	Giant Europe	Investee of Gaiwin	Other receivables - related parties 6,139	-	-	-	1,989	-
	Giant Mexico	Investee of Gaiwin	Accounts receivable - related parties 268,824	5	-	-	210,711	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties 169,780	3	-	-	158,157	-
	Giant Europe	Investee of Gaiwin	Other receivables - related parties 13	-	11	-	13	-
	Giant Mexico	Investee of Gaiwin	Accounts receivable - related parties 260,574	5	3,356	-	136,007	-
	Giant USA	Investee of Gaiwin	Other receivables - related parties 122	-	122	-	9	-
	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 22,453	-	-	-	-	-
	Giant Mexico	Investee of Gaiwin	Loans receivable - related parties 307,350	-	-	-	-	-
	Giant USA	Investee of Gaiwin	Other receivables - related parties 2,644	-	-	-	-	-
	Giant Kunshan	Investee of Gaiwin	Accounts receivable - related parties 111,587	-	-	-	111,587	-
Giant Kunshan	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties 117,096	4	-	-	64,050	-
	Giant Mexico	Investee of Gaiwin	Other receivables - related parties 36	-	-	-	18	-
	Giant USA	Investee of Gaiwin	Accounts receivable - related parties 480,208	5	-	-	347,450	-
Giant Europe	Investee of Gaiwin	Other receivables - related parties 1,002	-	-	-	1,002	-	

(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 China	Giant Europe	Investee of Gaiwin	Accounts receivable - related parties	6	\$	-	\$	-
Giant Hungary Mfg.	Giant Europe Mfg.	Investee of Giant Europe	Accounts receivable - related parties	2		-		-
Giant Europe	Giant Benedux	Investee of Giant Europe	Accounts receivable - related parties	4		-		-
			Other receivables - related parties	-		-		-
	Giant France	Investee of Giant Europe	Accounts receivable - related parties	3		-		-
			Other receivables - related parties	-		-		-
	Giant Germany	Investee of Giant Europe	Accounts receivable - related parties	4		-		-
			Other receivables - related parties	-		-		-
	Giant Italy	Investee of Giant Europe	Accounts receivable - related parties	2		-		-
			Other receivables - related parties	-		-		-
D. Mag	Giant Kunshan	Investee of Giant Holding	Accounts receivable - related parties	12		-		2,417
	Giant Tianjin	Investee of Growood	Accounts receivable - related parties	10		-		1,565
	Light Metal Haian	Investee of D. Mag	Accounts receivable - related parties	2		-		109,914
			Loans receivable - related parties	-		-		-

(Concluded)

TABLE 7

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023		Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership			
Giant	Growood	Singapore	Overseas reinvested holding company	USD 18,063	USD 18,063	26,619,300	100	\$ 1,921,454	\$ 1,970,573	Subsidiary
	Gaiwin	Lelystad, Netherlands	Overseas reinvested holding company	USD 7,243	USD 7,243	502,661	100	(77,323)	(77,323)	Subsidiary
	Darzens	British Virgin Islands	Overseas reinvested holding company	USD 14,889	USD 14,889	14,888,928	100	226,644	243,459	Subsidiary
	Merdeka	British Virgin Islands	Overseas reinvested holding company	USD 6,000	USD 6,000	6,000,003	100	120,790	120,727	Subsidiary
	Giant Sales	Taiichung	Sale of bicycles and related products and bicycle rental	USD 140,000	USD 140,000	14,000,000	100	303,738	303,738	Subsidiary
	YouBike	Taiichung	Public bicycle rental	800,000	800,000	84,800,000	100	101,947	101,947	Subsidiary
	AIPS	Taiichung	Manufacture and sale of sporting goods	500,000	500,000	50,000,000	100	(235,378)	(235,378)	Subsidiary
	Giant Vietnam Mfg.	Binh Duong Province, Vietnam	Manufacture and sale of bicycles	USD 20,000	USD 20,000	514,928	100	(71,150)	(73,979)	Subsidiary
	Giant Mexico	Mexico, Mexico	Sale of bicycles and related products	MXN 244,352	MXN 244,352	8,886,000	20	13,120	17,078	Indirectly owned subsidiary investments accounted for using the equity method
	Microprogram	Taiichung	Hardware and Software research of computer and sale of related products	USD 15,000	USD 15,000	461,025	100	-	-	Subsidiary
Giant Sales	Giant Sea Bicycle	Binh Duong Province, Vietnam	Manufacture and sale of bicycles	10,000	10,000	74,935	100	42,267	(Note 1)	Indirectly owned subsidiary
	Giant Adventure	Taiichung	Undertake domestic and international tourism trade business	EUR 45,736	EUR 45,736	1,200	100	8,957	(Note 1)	Indirectly owned subsidiary
Gaiwin	Giant Europe	Lelystad, Netherlands	Overseas reinvested holding company and sale of bicycles and related products	EUR 47,618	EUR 47,618	200,000	100	EUR (13,053)	(Note 1)	Indirectly owned subsidiary
	Giant USA	California, USA	Sale of bicycles and related products	JPY 200,000	JPY 200,000	4,000	100	EUR (453)	(Note 1)	Indirectly owned subsidiary
	Giant Japan	Kawasaki, Japan	Sale of bicycles and related products	AUD 500	AUD 500	500,000	100	EUR 191	(Note 1)	Indirectly owned subsidiary
	Giant Australia	Victoria, Australia	Sale of bicycles and related products	CAD 1,052	CAD 1,052	1,051,987	100	EUR 1,057	(Note 1)	Indirectly owned subsidiary
	Giant Canada	Vancouver, Canada	Sale of bicycles and related products	KRW 734,000	KRW 734,000	146,800	100	EUR (271)	(Note 1)	Indirectly owned subsidiary
	Giant Korea	Seoul, South Korea	Sale of bicycles and related products	MXN 70,059	MXN 70,059	(Note 3)	100	EUR 390	(Note 1)	Indirectly owned subsidiary
	Giant Mexico	Mexico, Mexico	Sale of bicycles and related products	EUR 3,472	EUR 3,472	(Note 3)	100	EUR -	(Note 1)	Indirectly owned subsidiary
	Gaiwin US	Delaware, USA	Overseas reinvested holding company	EUR 4,200	EUR 4,200	10,500	100	EUR 1,714	(Note 1)	Indirectly owned subsidiary
	Giant Germany	Erkrath, Germany	Sale of bicycles and related products	GBP 200	GBP 200	200,000	100	EUR 1,300	(Note 1)	Indirectly owned subsidiary
	Giant France	Aix en Provence, France	Sale of bicycles and related products	EUR 227	EUR 227	5,000	100	EUR (709)	(Note 1)	Indirectly owned subsidiary
	Giant UK	Leicester, United Kingdom	Sale of bicycles and related products	EUR 227	EUR 227	5,000	100	EUR 739	(Note 1)	Indirectly owned subsidiary
	Giant Europe Mfg.	Lelystad, Netherlands	Manufacture and sale of bicycles	PLN 150	PLN 150	2,400	100	EUR 386	(Note 1)	Indirectly owned subsidiary
	Giant Polska	Warsaw, Poland	Sale of bicycles and related products	EUR 3,230	EUR 3,230	23,000	100	EUR 1,727	(Note 1)	Indirectly owned subsidiary
Giant Benelux	Lelystad, Netherlands	Sale of bicycles and related products	EUR 200	EUR 200	(Note 4)	100	EUR (938)	(Note 1)	Indirectly owned subsidiary	
Giant UK	Giant Italy	Gallarate, Italy	Sale of bicycles and related products	EUR 45,000	EUR 45,000	(Note 4)	100	EUR -	(Note 1)	Indirectly owned subsidiary
	Giant Hungary Mfg.	Gyongyos, Hungary	Manufacture and sale of bicycles	USD 100	USD 100	100,000	100	RMB 258	(Note 1)	Indirectly owned subsidiary
	GDC Logistics Ltd.	Leicester, United Kingdom	Sales business	USD 100	USD 100	(Note 4)	100	RMB (1,022)	(Note 1)	Indirectly owned subsidiary
D. Mag	Golden Rich Limited	Hong Kong	International trade	USD 100	USD 100	100,000	100	RMB 258	(Note 1)	Indirectly owned subsidiary
	Light Metal Malaysia	Malaysia	Sale of medium and high-end aluminum wheel hub products	USD 100	USD 100	(Note 3)	100	RMB (1,852)	(Note 1)	Indirectly owned subsidiary
Giant Europe	Imnovation Tech Investment Pte., Ltd.	Singapore	Overseas reinvested holding company	(Note 3)	(Note 3)	(Note 3)	100	-	(Note 1)	Indirectly owned subsidiary

Note 1: Not applicable.

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

Note 3: No capital investment as of December 31, 2023.

Note 4: GDC was dissolved in March 2023.

TABLE 8

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Value as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
Giant China	Manufacture and sale of bicycles and parts	RMB 273,040 (USD 37,500)	(Note 1)	\$ 489,599 (Note 3)	\$ -	\$ -	\$ 489,599	\$ 683,107	100%	\$ 582,983	\$ 2,248,379	\$ 11,795,162
Giant Electric Vehicle	Manufacture and sale of electric vehicle	RMB 40,465 (USD 5,000)	(Note 1)	(Note 3)	-	-	(Note 3)	569,671	100%	711,567	2,679,734	2,885,299
Giant Chengdu	Sale of bicycles and parts	RMB 49,663 (USD 6,000)	(Note 1)	199,182 (Note 3)	-	-	199,182	120,874	100%	12,810	299,197	180,770
Giant Tianjin	Manufacture and sale of bicycles and parts	RMB 89,614 (USD 12,000)	(Note 1)	(Note 3)	-	-	(Note 3)	733,226	100%	740,573	1,682,272	918,213
Giant Holding	Overseas reinvested holding company	RMB 577,569 (USD 88,500)	(Note 2)	2,681,933 (Note 6)	-	-	2,681,933	1,438,647	100%	1,456,890	4,640,327	1,829,019
Giant Kunshan	Manufacture and sale of bicycles and parts	RMB 236,288 (USD 35,000)	(Note 6)	(Note 6)	-	-	(Note 6)	1,386,947	100%	1,405,189	2,336,734	-
Giant Cycling Service	Lease of bicycle and promotion of outdoor activities	RMB 6,595 (USD 1,000)	(Note 6)	(Note 6)	-	-	(Note 6)	7	100%	7	3,191	-
Jiangsu Giant	Undertake China tourism business	RMB 5,000	(Note 7)	(Note 7)	-	-	(Note 7)	(4,888)	100%	(4,888)	(12,316)	-
Quanzhou YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(Note 8)	6,556	100%	6,556	114,212	-
Putian YouBike	Undertake China public bicycle rental	RMB 50,000	(Note 8)	(Note 8)	-	-	(Note 8)	(100,468)	100%	(100,468)	125,284	-
Giant Jiangsu	Manufacture and sale of bicycles and parts	RMB 331,779 (USD 52,500)	(Note 6)	(Note 6)	-	-	(Note 6)	39,659	100%	39,659	1,651,843	-
D. Mag	Manufacture and sale of new aluminum alloy products	RMB 360,000	(Note 4)	(Notes 4 and 10)	-	-	(Notes 4 and 10)	416,598	60%	261,691	4,015,698	-
Light Metal Haitan	Manufacture and sale of alloy materials, semi-solid aluminum, and superplastic aluminum	RMB 120,000	(Note 11)	(Note 11)	-	-	(Note 11)	(83,665)	60%	(50,464)	199,569	-
Meiki Giant	Sale and repair of computer and mechanical equipment	RMB 3,200	(Note 6)	(Note 6)	-	-	(Note 6)	9,308	33%	3,072	13,168	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
	Investment Commission, MOEA	MOEA	
\$ 3,646,639	USD 178,000 and RMB 21,261	(Note 9)	

- Note 1: Reinvestment made in Mainland China through the investor's investment company in a third area.
- Note 2: Investee of Giant.
- Note 3: Investee of Growood.
- Note 4: D. Mag was acquired by Giant Light Metal Technology (Kunshan) Co., Ltd. ("Giant Light Metal"), an investee of Darzins. Giant Light Metal merged with D. Mag in November 2020. After the merger, D. Mag was the surviving entity.
- Note 5: The investment income (loss) is recognized according to the financial statements audited by Giant's independent auditors.
- Note 6: Investee of Giant Holding.
- Note 7: Investee of Giant China.
- Note 8: Investee of Giant Kunshan.
- Note 9: According to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, the investment in mainland China has no maximum limitation since the Company acquired the approval from the Industrial Development Bureau regarding the Company's establishment of an operating headquarter in Taiwan.
- Note 10: Accumulated investment amount of Giant Light Metal was \$54,370 thousand. Chuansin Kunshan merged with Giant Light Metal in December 2011. Accumulated investment amount of Chuansin Kunshan was \$221,555 thousand.
- Note 11: Investee of D. Mag.

TABLE 9

GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

SIGNIFICANT DIRECT OR INDIRECT PURCHASES/SALES TRANSACTIONS WITH THE INVESTEE COMPANY IN MAINLAND CHINA, PRICES, PAYMENT TERMS, AND UNREALIZED GAIN OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Counterparty	Nature of Relationship	Purchase/Sales	Amount (Note)	Trade Condition		Abnormal Transaction	Notes/Accounts Receivable (Payable) Ending Balance		Unrealized Gain (Loss)
				Prices	Payment Terms		Ending Balance	% to Total	
Giant China	Giant directly or indirectly holds more than 50% of shares	Sales	\$ 248,619	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	\$ 65,632	1	\$ 2,725
Giant Electric Vehicle	Giant directly or indirectly holds more than 50% of shares	Purchase	1,016,615	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(168,769)	(9)	12,416
		Sales	381,453	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	46,980	1	6,288
Giant Kunshan	Giant directly or indirectly holds more than 50% of shares	Purchase	657,528	Depending on specific diversity of products and related market trends	T/T 90 days	No material difference	(117,096)	(7)	1,386
		Sales	1,298,158	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	350,090	6	32,922
Giant Tianjin	Giant directly or indirectly holds more than 50% of shares	Sales	832,541	Price and gross margin are determined based on product differentiation and market acceptance	T/T 90 days	No material difference	235,920	4	25,106
D. Mag	Giant directly or indirectly holds more than 50% of shares	Purchase	337,844	Depending on specific diversity of products and related market trends	T/T 60 days	No material difference	(51,072)	(3)	7,899

Giant MFG. Co., Ltd.

Chairman: Bonnie Tu

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