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**2023**

Giant Manufacturing Co. Ltd.

# ANNUAL MEETING

TWSE: 9921

2023 ANNUAL GENERAL MEETING  
**MEETING AGENDA**

Time: 9:00 AM, June 21, 2023  
Place: No.999, Sec. 1, DongdaRd., XitunDist.,  
TaichungCity, Taiwan

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**GIANT MANUFACTURING CO., LTD.**  
**Procedures of 2023 Annual Meeting**

- I. Call Meeting to Order
- II. Chairperson's Opening Remarks
- III. Report Items
- IV. Ratification Items
- V. Extempore Motions
- VI. Meeting Adjourned

# GIANT MANUFACTURING CO., LTD.

## Agenda of 2023 Annual Meeting

Type of Meeting: Physical Meeting

Time: 9:00 a.m., June 21, 2023

Place: No.999, Sec. 1, Dong-Da Rd., Xitun Dist., Taichung City, Taiwan

- I. Call Meeting to Order
- II. Chairperson's Opening Remarks
- III. Report Items
  1. Business report for 2022
  2. Audit Committee's review report
  3. Appropriation of remuneration to directors and compensation to employees in 2022
  4. The status report on the issuance of the 1th domestic non-collateral convertible corporate bond
  5. To report the commitments made for the application for the listing of Subsidiary D.MAG (KUNSHAN) NEW MATERIAL TECHNOLOGY CO., LTD. on the China stock market.
- IV. Ratification Items
  1. 2022 financial statements
  2. Distribution of 2022 earnings
- V. Extempore Motions
- VI. Meeting Adjourned

## Report Items

### Item 1 Business report for 2022

#### Business Report for 2022

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

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

#### *Financial performance*

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

## ***Technology development***

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

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

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

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

## ***Brand development and marketing***

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

In sports marketing and sponsorship, triathletes sponsored by the Group gave impressive

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

### ***Corporate development and future prospects***

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

After two years of rapid growth in market demand, we now take on a conservative approach towards future macroeconomics and the cycling market for inventories to return to normal. However, in the long run, we remain positive on the overall development of the industry. Extreme weathers and ESG awareness drive governments to invest in bike infrastructure with full support behind both bikes and e-bikes. Cycling as a sport and lifestyle will play an important role in everyday life. For the future, we will launch innovative, trendy products of New Mobility, develop IoT products and modernize GRP channels as well as seek out strategic investments to accelerate the completion of cycling ecosystem.

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

Chairperson: Bonnie Tu

CEO: Young Liu

Accounting Manager: Chiao-Li Pan

## **Item 2 Audit Committee's report**

Please refer to Attachment 1 on page 11 of this handbook.

## **Item 3 Appropriation of remuneration to directors and compensation to employees in 2022**

Explanation: 1. Pursuant to Article 27 of the Articles of Incorporation on the appropriation of remuneration to directors and compensation to employees, when the Company makes a profit for the year, the compensation to employees shall be 6% to 12% of the balance and the remuneration to the directors shall not be higher than 2% of the balance.

2. The amount of compensation to employees and remuneration to directors were NT\$ 538,258,062 and NT\$ 152,365,530, respectively, which represented 7.1% and 2% of the profit, respectively. Both have been approved by the Board of Directors' meeting. The appropriation would be released in cash form.

## **Item 4 The status report on the issuance of the 1th domestic non-collateral convertible corporate bond**

Explanation: 1. The company, in order to repay the bank loan, has obtained the approval through the resolution of the board of directors on March 25, 2022, to issue the first non-collateral convertible corporate bonds in the domestic market. The total number of bonds issued is 40,000, with each bond having a face value of NT\$100,000. The total face value of the issuance is NT\$4,000,000 thousands. The bonds are issued at 100.5% of the face value and have a maturity period of 5 years. This issuance has been approved and documented in the letter with reference number 11103429341, issued by the Financial Supervisory Commission on May 26, 2022. The company successfully completed the fundraising on June 10, 2022 and the bonds have been available for trading at Taipei Exchange since June 13, 2022.

2. The status report on the issuance of the 1th domestic non-collateral convertible corporate bond please refer to page 12 of this handbook.

**Item 5 To report the commitments made for the application for the listing of Subsidiary D.MAG (KUNSHAN) NEW MATERIAL TECHNOLOGY CO., LTD. on the China stock market.**

- Explanation:
1. The application of D.MAG (KUNSHAN) NEW MATERIAL TECHNOLOGY CO.,LTD., a subsidiary of the Company, for its A-share initial public offering (IPO) and listing in an overseas securities market has approved by the annual general meeting held on July 8, 2021.
  2. The the commitments made for the application for the listing of Subsidiary D.MAG (KUNSHAN) NEW MATERIAL TECHNOLOGY CO., LTD. on the China stock market, together with the impact analysis on the finances, business, or shareholder equity of Giant or its subsidiary, were approved in the Audit Committee and Board of Directors held by the Company on August 6, 2021 and June 20, 2022. In response to the China Securities Regulatory Commission's ("CSRS's") "Full Implementation of the Stock Issuance Registration System", Giant is required to submit commitment letters and related documents to the Shanghai Stock Exchange (this "Request"). The supplement submission is in essence to commit to comply with laws and regulations, which is in line with Giant's ethical code of conduct. As such, the supplement submission has no potential material impact on the finances, business or shareholders' equity of Giant and its subsidiaries. The supplement Commitments has been approved by Board of Directors held by the Company on February 23, 2023.
  3. Below summary is only for the commitments and document submitted per this Request, aside from other commitments which have been announced on August 6, 2021 and June 20, 2022.
    - [1] About D. Mag's "Commitment Regarding Consistency between the Electronic Documents for Application and Reserved Original Copies"
      1. Giant previously resolved on August 6, 2021, to approve D. Mag to submit a "Commitment regarding the consistency between the written documents and electronic versions of the IPO and Listing application documentation". Now, due to changes in laws and regulations of the CSRS, a "Commitment Regarding Consistency between the Electronic Documents for Application and Reserved Original Copies" is required to be submitted to the Shanghai Stock Exchange ("SSE"). The contents of these two Commitments are similar, with only minor differences in wording, and the issuing party remains the same.
    - [2] About "Commitment Regarding Ensuring Not to Affect and Interference with Review and Approval" to be issued by Giant, the Holding Company, and D. Mag  
Giant previously resolved on June 20, 2022 to approve D. Mag to submit " Letter undertaking not to affect and interfere with Issuance Appraisal Committee's ("IAC")

determination in the IPO". Now, due to changes in laws and regulations of the CSRC, Giant, the Holding Company, and D. Mag are required to submit a "Commitment Regarding Ensuring Not to Affect and Interference with Review and Approval" to the SSE.

[3] In response to the aforementioned changes in the regulations of the CSRC, "Statement by Controlling Shareholder of the Issuer" and "Confirmation Opinion on the Securities Offering Documents" are required to be submitted. The purpose of the statement and confirmation opinion is to confirm that the complete set of securities offering documents -- such as the listing prospectus -- does not disclose information in violation of regulations; that there are no false records, misleading statement or major omissions therein; and that the contents of the documents are true, accurate and complete. The content of such statement and confirmation opinion is compliant with the previous commitment letters.

## **Ratification Items**

### **Item 1**

(Proposed by the Board of Directors)

#### **Subject: To accept the 2022 financial statements**

Explanation: The 2022 business report and financial statements were audited by Deloitte & Touche, Lie-Dong, Wu and Ting-Chien, Su, and reviewed by audit committee. Please accept the above-mentioned financial statements. Please refer to Attachment 3 on page 13 to 22 and Attachment 3-1 on page 23 to 32 of this meeting agenda for the financial statements.

Resolution:

**Item 2**

(Proposed by the Board of Directors)

**Subject: To accept the distribution of 2022 earnings**

Explanation: 1. For the year of 2022, the profit before tax was NT\$ 6,927,653 thousands. The estimated income tax is NT\$ 1,083,778 thousands. The net income of was NT\$ 5,843,875 thousands.

2. It is proposed that each common stock shareholder will be entitled to receive a cash dividend of NT\$ 7.8 per share. Cash dividends to be paid are rounded to the nearest dollar. Each shareholder's cash dividend shall be issued to the rounded-down full NT dollar (fractional amount will be other income of the company). After approval of annual general meeting, the Chairperson is authorized to announce ex-dividend base day, date for distribution and all other necessary measures. (Please refer to the following distribution table.) .....

**Giant Manufacturing Co., Ltd.****2022 Earning Distribution Table**

<b>Item</b>	<b>Total (In New Taiwan Dollars)</b>
Unappropriated earnings, beginning balance	<b>\$ 12,242,443,925</b>
Net income of 2022	5,843,874,826
Remeasurement of defined benefit plan recognized in retained earnings directly	75,550,357
Adjusted net income	5,919,425,183
Appropriation of Legal reserve (Note 1)	(591,942,518)
Appropriation of special reserves according to Securities and Exchange Act (Note 2)	617,295,112
Distributable earnings for 2022	<b>5,944,777,777</b>
Total unappropriated earnings	<b>18,187,221,702</b>
Distribution items:	
Cash dividends to shareholders- NT\$ 7.8 per share	(3,058,104,083)
Unappropriated earnings, ending balance	<b>\$ 15,129,117,619</b>

(Note 1) Although the accumulated legal reserve has amounted to the aggregate par value of our outstanding share capital, the company chooses to set aside continuously.

(Note 2) The appropriation was due to the increase of deficit under other equity items. Please refer to the parent-only financial statement.

Chairperson: Bonnie Tu

CEO: Young Liu

Accounting Manager: Chiao-Li Pan

Resolution:

## Extempore Motions

## Meeting Adjourned

### Details on Shareholdings of All Directors

1. The table below lists the shareholdings of all directors and supervisors on the register of shareholders as of the book closure date (April 23, 2023).

Title	Minimum shareholdings required	Shareholdings on the register of shareholders
Directors	15, 682,585	66, 294, 926

2. Details on Shareholdings of All Directors on the Register of Shareholders

As of the Book Closure Date

Title	Name	Shareholding
Chairperson	THO, TU HSIU-CHEN (Bonnie Tu)	8,406,668
Director	LIU, YUON-CHAN (Young Liu)	16,296,026
Director	LIU, CHIN-PIAO (King Liu)	7,738,278
Director	Kinabalu Holding Company	18,238,183
Director	THO, TZU CHIEN	3,693,827
Director	CHIU, TA-PENG	4,395,707
Director	YANG, HUAI-CHING	6,454,980
Director	CHIU, TA-WEI	1,071,257
Independent Director	CHEN, HONG-SO (Hilo Chen)	0
Independent Director	LO, JUI-LIN	0
Independent Director	HO, CHUN-SHENG (Chaney Ho)	0

## **Attachement 1**

### **Audit Committee's Review Report**

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

The above-mentioned business report, parent company only and consolidated financial statements and 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.. We hereby submit this report in accordance with relevant requirements of the Securities and Exchange Act and the Company Law.

**Giant Manufacturing Co., Ltd.**

Chairmen of the Audit Committee

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March 24, 2023

## Attachment 2

### The status report on the issuance of the 1th domestic non-collateral convertible corporate bond

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

## **Attachment 3 Consolidated Financial Statements for the Year Ended December 31, 2022**

### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

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

In our opinion, based on our audits and the reports of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the reports of other auditors.

#### **Key Audit Matters**

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

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

#### Authenticity of sales revenue from major customers

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

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

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

#### **Other Matter**

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

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

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

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

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

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

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

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

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

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

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

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 24, 2023

Notice to Readers

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

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

# GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

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

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

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

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

## GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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

(Continued)

# GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

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

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

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

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

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
	Ordinary Shares (Note 25)	Capital Surplus (Note 4, 25 and 29)	Retained Earnings (Note 25)			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			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	\$ 3,750,646	\$ 1,792,401	\$ 4,846,055	\$ 1,955,207	\$ 14,767,113	\$ (1,938,851)	\$ 727	\$ 25,173,298	\$ 1,787,560	\$ 26,960,858
Appropriation of 2020 earnings										
Legal reserve	-	-	504,913	-	(504,913)	-	-	-	-	-
Special reserve	-	-	-	(17,083)	17,083	-	-	-	-	-
Cash dividends distributed by the Company - \$8.0 per share	-	-	-	-	(3,000,517)	-	-	(3,000,517)	-	(3,000,517)
Net profit for the year ended December 31, 2021	-	-	-	-	5,930,074	-	-	5,930,074	377,435	6,307,509
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(42,968)	(584,328)	257	(627,039)	12,274	(614,765)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	5,887,106	(584,328)	257	5,303,035	389,709	5,692,744
BALANCE AT DECEMBER 31, 2021	<u>3,750,646</u>	<u>1,792,401</u>	<u>5,350,968</u>	<u>1,938,124</u>	<u>17,165,872</u>	<u>(2,523,179)</u>	<u>984</u>	<u>27,475,816</u>	<u>2,177,269</u>	<u>29,653,085</u>
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
Share-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	<u>\$ 3,920,646</u>	<u>\$ 4,716,303</u>	<u>\$ 5,939,679</u>	<u>\$ 2,522,195</u>	<u>\$ 18,161,869</u>	<u>\$ (1,905,281)</u>	<u>\$ 381</u>	<u>\$ 33,355,792</u>	<u>\$ 2,544,093</u>	<u>\$ 35,899,885</u>

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

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

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

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

(Continued)

# GIANT MANUFACTURING CO., LTD. AND SUBSIDIARIES

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

	2022	2021
Proceeds from sale of financial assets at fair value through profit or loss	\$ 2,208,684	\$ 1,670,783
Acquisition of investments accounted for using the equity method	-	(4,570)
Payments for property, plant and equipment	(1,682,770)	(1,661,945)
Proceeds from disposal of property, plant and equipment	159,886	92,078
Payments for intangible assets	(57,944)	(217,040)
Payments for right-of-use assets	(170,367)	(67,371)
Decrease in other non-current assets	303,935	309,825
Increase in prepayments for equipment	(788,947)	(430,926)
Other dividends received	118	75
Proceeds from government grants	<u>131,621</u>	<u>179,793</u>
Net cash used in investing activities	<u>(630,647)</u>	<u>(1,752,284)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	1,275,844	8,924,198
Proceeds from issuance of convertible bonds	4,015,190	-
Proceeds from long-term bank loans	818,712	645,801
Repayments of long-term bank loans	(122,917)	(1,558,496)
Repayment of the principal portion of lease liabilities	(282,081)	(255,841)
Increase (decrease) in other non-current liabilities	(98,471)	19,376
Dividends paid to owners of the Company	(3,750,646)	(3,000,517)
Proceeds from issuance of ordinary shares	<u>2,754,000</u>	<u>-</u>
Net cash generated from financing activities	<u>4,609,631</u>	<u>4,774,521</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(250,359)</u>	<u>280,663</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,240,198	(1,656,779)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,714,386</u>	<u>9,371,165</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$11,954,584</u>	<u>\$ 7,714,386</u>

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

(Concluded)

## **Attachment 3-1 Parent only Financial Statements for the Year Ended December 31, 2022**

### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

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

In our opinion, based on our audits and the reports of other auditors (please refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the reports of other auditors.

#### **Key Audit Matters**

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

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

### Authenticity of sales revenue from major customers

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

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

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

### **Other Matter**

We did not audit the financial statements of the Company's associate Microprogram Information Co., Ltd. ("Microprogram") for the years ended December 31, 2022 and 2021, and we also did not audit the financial statements of the Company's subsidiaries Gaiwin B.V. ("Gaiwin") and investees of Gaiwin for the year ended December 31, 2021, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Company's financial statements for these investees, is based solely on the reports of other auditors. The aforementioned investments accounted for using the equity method were NT\$90,834 thousand and NT\$9,894,052 thousand, representing 0.17% and 20%, respectively, of the Company's total assets as of December 31, 2022 and 2021, respectively. The comprehensive income of these investees was NT\$1,837 thousand and NT\$691,235 thousand, respectively, representing 0.03% and 13% of the Company's total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

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

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

or error.

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

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

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

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

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

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

audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 24, 2023

Notice to Readers

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

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

# GIANT MANUFACTURING CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 1,021,167	2	\$ 611,583	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	1,417	-
Notes receivable (Notes 4 and 9)	-	-	452	-
Accounts receivable from unrelated parties (Notes 4 and 9)	3,675,881	7	3,284,596	7
Accounts receivable from related parties (Notes 4 and 30)	6,986,356	13	5,382,631	11
Other receivables (Notes 9 and 30)	150,902	-	154,912	-
Inventories (Notes 4 and 10)	8,827,715	16	8,072,818	17
Other current assets (Note 12)	176,431	-	120,692	-
Total current assets	<u>20,838,452</u>	<u>38</u>	<u>17,629,101</u>	<u>36</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,468	-	2,071	-
Investments accounted for using the equity method (Notes 4 and 11)	27,704,689	51	25,196,220	51
Property, plant and equipment (Notes 4, 13 and 30)	4,248,066	8	3,937,729	8
Right-of-use assets (Notes 4 and 14)	271,541	1	268,459	1
Investment properties (Notes 4 and 15)	193,901	-	290,849	1
Other intangible assets (Note 4)	222,430	-	273,943	1
Deferred tax assets (Notes 4 and 24)	1,265,831	2	1,122,819	2
Prepayments for equipment	139,381	-	222,168	-
Other non-current assets (Note 16)	15,002	-	16,047	-
Total non-current assets	<u>34,062,309</u>	<u>62</u>	<u>31,330,305</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 54,900,761</u>	<u>100</u>	<u>\$ 48,959,406</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term bank loans (Note 17)	\$ 4,880,000	9	\$ 9,100,000	19
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	33,058	-	-	-
Notes payable	682	-	720	-
Accounts payable	3,304,399	6	3,357,578	7
Accounts payable to related parties (Note 30)	901,540	2	1,305,891	3
Other payables (Notes 19 and 30)	3,146,629	6	2,718,000	5
Current tax liabilities (Notes 4 and 24)	1,915,580	3	1,325,605	3
Provisions - current (Notes 4 and 20)	150,673	-	156,673	-
Lease liabilities - current (Notes 4 and 14)	7,666	-	5,983	-
Current portion of long-term bank loans (Note 17)	295,000	1	-	-
Other current liabilities	116,635	-	89,040	-
Total current liabilities	<u>14,751,862</u>	<u>27</u>	<u>18,059,490</u>	<u>37</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 18)	3,758,556	7	-	-
Long-term bank loans (Notes 17 and 27)	1,301,899	2	1,674,094	4
Deferred tax liabilities (Notes 4 and 24)	1,302,845	2	1,158,036	2
Lease liabilities - non-current (Notes 4 and 14)	264,560	1	264,038	1
Deferred revenue - non-current (Notes 4, 17 and 27)	79,185	-	124,906	-
Net defined benefit liabilities (Notes 4 and 21)	86,062	-	203,026	-
Total non-current liabilities	<u>6,793,107</u>	<u>12</u>	<u>3,424,100</u>	<u>7</u>
Total liabilities	<u>21,544,969</u>	<u>39</u>	<u>21,483,590</u>	<u>44</u>
<b>EQUITY</b>				
Ordinary shares	3,920,646	7	3,750,646	7
Capital surplus	4,716,303	9	1,792,401	4
Retained earnings				
Legal reserve	5,939,679	11	5,350,968	11
Special reserve	2,522,195	4	1,938,124	4
Unappropriated earnings	18,161,869	33	17,165,872	35
Other equity	(1,904,900)	(3)	(2,522,195)	(5)
Total equity	<u>33,355,792</u>	<u>61</u>	<u>27,475,816</u>	<u>56</u>
<b>TOTAL</b>	<u>\$ 54,900,761</u>	<u>100</u>	<u>\$ 48,959,406</u>	<u>100</u>

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

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

## GIANT MANUFACTURING CO., LTD.

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET SALES REVENUE (Notes 4 and 30)	\$ 39,537,210	100	\$ 34,865,724	100
COST OF GOODS SOLD (Notes 10, 23 and 30)	<u>33,804,291</u>	<u>85</u>	<u>29,572,599</u>	<u>85</u>
GROSS PROFIT	5,732,919	15	5,293,125	15
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>(710,894)</u>	<u>(2)</u>	<u>(329,543)</u>	<u>(1)</u>
REALIZED GROSS PROFIT	<u>5,022,025</u>	<u>13</u>	<u>4,963,582</u>	<u>14</u>
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	970,164	3	648,949	2
General and administrative expenses	1,309,904	3	1,217,813	3
Research and development expenses	732,898	2	651,155	2
Expected credit loss (Notes 4 and 9)	<u>331,421</u>	<u>1</u>	<u>3,068</u>	<u>-</u>
Total operating expenses	<u>3,344,387</u>	<u>9</u>	<u>2,520,985</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>1,677,638</u>	<u>4</u>	<u>2,442,597</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 23 and 30)	(114,708)	-	(52,414)	-
Share of profit of subsidiaries and associates accounted for using the equity method (Note 11)	4,368,486	11	4,617,550	13
Interest income	39,313	-	12,320	-
Royalty income (Note 30)	232,878	1	201,145	1
Dividend income	118	-	75	-
Management service income (Note 30)	9,556	-	20,368	-
Other income (Notes 15 and 27)	78,113	-	92,827	-
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss (Note 4)	(12,474)	-	7,199	-
Gain on disposal of property, plant and equipment, net (Note 4)	1,295	-	226	-
Other expenses (Notes 4 and 15)	(4,682)	-	(129,453)	-
Foreign exchange gain (loss), net	<u>652,120</u>	<u>2</u>	<u>(174,547)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>5,250,015</u>	<u>14</u>	<u>4,595,296</u>	<u>13</u>
PROFIT BEFORE INCOME TAX	6,927,653	18	7,037,893	20
INCOME TAX EXPENSE (Notes 4 and 24)	<u>1,083,778</u>	<u>3</u>	<u>1,107,819</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>5,843,875</u>	<u>15</u>	<u>5,930,074</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				

(Continued)

# GIANT MANUFACTURING CO., LTD.

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

	2022		2021	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 21)	\$ 93,834	-	\$ (53,506)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(603)	-	257	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	483	-	(163)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 24)	(18,767)	-	10,701	-
	<u>74,947</u>	<u>-</u>	<u>(42,711)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	772,079	2	(730,410)	(2)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 11)	293	-	-	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 24)	(154,474)	-	146,082	-
	<u>617,898</u>	<u>2</u>	<u>(584,328)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>692,845</u>	<u>2</u>	<u>(627,039)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,536,720</u>	<u>17</u>	<u>\$ 5,303,035</u>	<u>15</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 15.51</u>		<u>\$ 15.81</u>	
Diluted	<u>\$ 15.14</u>		<u>\$ 15.73</u>	

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

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

(Concluded)

**GIANT MANUFACTURING CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares (Note 22)	Capital Surplus (Notes 4, 22 and 26)	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, 2021	\$ 3,750,646	\$ 1,792,401	\$ 4,846,055	\$ 1,955,207	\$ 14,767,113	\$ (1,938,851)	\$ 727	\$ 25,173,298
Appropriation of 2020 earnings								
Legal reserve	-	-	504,913	-	(504,913)	-	-	-
Special reserve	-	-	-	(17,083)	17,083	-	-	-
Cash dividends distributed by the Company - \$8.0 per share	-	-	-	-	(3,000,517)	-	-	(3,000,517)
Net profit for the year ended December 31, 2021	-	-	-	-	5,930,074	-	-	5,930,074
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(42,968)	(584,328)	257	(627,039)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	5,887,106	(584,328)	257	5,303,035
BALANCE AT DECEMBER 31, 2021	<u>3,750,646</u>	<u>1,792,401</u>	<u>5,350,968</u>	<u>1,938,124</u>	<u>17,165,872</u>	<u>(2,523,179)</u>	<u>984</u>	<u>27,475,816</u>
Appropriation of 2021 earnings								
Legal reserve	-	-	588,711	-	(588,711)	-	-	-
Special reserve	-	-	-	584,071	(584,071)	-	-	-
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	(3,750,646)	-	-	(3,750,646)
Recognition of equity component of convertible bonds issued	-	263,283	-	-	-	-	-	263,283
Issuance of ordinary shares for cash	170,000	2,584,000	-	-	-	-	-	2,754,000
Share-based payment arrangements	-	76,619	-	-	-	-	-	76,619
Net profit for the year ended December 31, 2022	-	-	-	-	5,843,875	-	-	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	<u>\$ 3,920,646</u>	<u>\$ 4,716,303</u>	<u>\$ 5,939,679</u>	<u>\$ 2,522,195</u>	<u>\$ 18,161,869</u>	<u>\$ (1,905,281)</u>	<u>\$ 381</u>	<u>\$ 33,355,792</u>

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

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

**GIANT MANUFACTURING CO., LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 6,927,653	\$ 7,037,893
Adjustments for:		
Depreciation and amortization expenses	690,843	571,835
Expected credit loss recognized	331,421	3,068
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	12,474	(7,199)
Finance costs	114,708	52,414
Interest income	(39,313)	(12,320)
Dividend income	(118)	(75)
Compensation cost of employee share options	76,619	-
Share of profit of subsidiaries and associates accounted for using the equity method	(4,368,486)	(4,617,550)
Gain on disposal of property, plant and equipment, net	(1,295)	(226)
Write-down of inventories	450,990	9,894
Impairment loss recognized on non-financial assets	-	123,043
Unrealized gain on transactions with subsidiaries and associates	710,894	329,543
Unrealized loss on foreign currency exchange, net	5,772	37,892
Gain on lease modification	(1,770)	(17)
Net changes in operating assets and liabilities		
Notes receivable	452	(431)
Accounts receivable	(2,322,987)	(3,314,598)
Other receivables	507	319,212
Inventories	(1,205,887)	(3,591,033)
Other current assets	(55,739)	(24,917)
Notes payable	(38)	720
Accounts payable	(459,937)	148,290
Other payables	444,016	265,098
Provisions	(6,000)	(6,117)
Other current liabilities	27,597	(25,659)
Net defined benefit liabilities	(23,130)	(19,793)
Cash generated from (used in) operations	1,309,246	(2,721,033)
Interest received	39,313	12,320
Interest paid	(85,160)	(52,634)
Income tax paid	(665,248)	(268,073)
Net cash generated from (used in) operating activities	<u>598,151</u>	<u>(3,029,420)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at amortized cost	-	12,089
Acquisition of investments accounted for using the equity method	(592,384)	-
Payments for property, plant and equipment	(72,849)	(150,329)
Proceeds from disposal of property, plant and equipment	2,110	5,122
Payments for intangible assets	(25,989)	(58,951)

(Continued)

# GIANT MANUFACTURING CO., LTD.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from disposal of intangible assets	\$ -	\$ 331
Decrease in other non-current assets	1,045	20,020
Increase in prepayments for equipment	(680,815)	(522,116)
Dividends received from subsidiaries	2,514,362	1,462,723
Other dividends received	<u>118</u>	<u>75</u>
Net cash generated from investing activities	<u>1,145,598</u>	<u>768,964</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term bank loans	(4,220,000)	4,903,077
Proceeds from issuance of convertible bonds	4,015,190	-
Proceeds from long-term bank loans	-	276,000
Repayments of long-term bank loans	(122,917)	-
Repayment of the principal portion of lease liabilities	(9,792)	(9,571)
Dividends paid to owners of the Company	(3,750,646)	(3,000,517)
Proceeds from issuance of ordinary shares	<u>2,754,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(1,334,165)</u>	<u>2,168,989</u>
NET INCREASE (DECREASE) IN CASH	409,584	(91,467)
CASH AT THE BEGINNING OF THE YEAR	<u>611,583</u>	<u>703,050</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,021,167</u>	<u>\$ 611,583</u>

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

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

(Concluded)

## Appendix I Articles of Incorporation (before amendment)

Giant Manufacturing Co., Ltd.

### Articles of Incorporation

#### Chapter I General Provisions

- Article 1 The Company is incorporated as a company limited by shares in accordance with the Company Act and named Giant Manufacturing Co., Ltd. in the English language.
- Article 2 The Company engages in the following business:  
The Company invests and engages in the research, design, development, manufacturing and sales of the following products:  
Research, development and provision of technical service for the integration of key components and parts associated with bicycles.  
Business categories and codes of the aforementioned products are as follows:
1. I501010 Product Designing
  2. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import  
Business below can only be conducted outside the Science Park
  1. CA04010 Metal Surface Treating
  2. CB01010 Machinery and Equipment Manufacturing
  3. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
  4. CC01010 Electric Power Supply, Electric Transmission and Power Distribution  
Machinery Manufacturing
  5. CD01010 Ship and Parts Manufacturing
  6. CD01030 Automobiles and Parts Manufacturing
  7. CD01040 Motor Vehicles and Parts Manufacturing
  8. CD01050 Bicycles and Parts Manufacturing
  9. CD01060 Aircraft and Parts Manufacturing
  10. CF01011 Medical Materials and Equipment Manufacturing
  11. CH01010 Sporting and Athletic Articles Manufacturing
  12. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational  
Entertainment Articles
  13. F114040 Wholesale of Bicycle Parts and Supplies
  14. F209060 Retail Sale of Stationery Articles, Musical Instruments and Educational  
Entertainment Articles
  15. F214040 Retail Sale of Bicycles and Parts
  16. F401010 International Trade
  17. JA02030 Bicycle Repair Shops
  18. F108031 Wholesale of Drugs, Medical Goods
  19. F208031 Retail Sale of Medical Equipments
  20. F113070 Wholesale of Telecom Instruments
  21. C302010 Knit Fabric Mills
  22. C303010 Non-woven Fabrics Mills
  23. C801100 Synthetic Resin & Plastic Manufacturing
  24. C901020 Glass and Glass Made Products Manufacturing
  25. C901060 Refractory Materials Manufacturing
  26. F207200 Retail Sale of Chemistry Raw Material
  27. F107200 Wholesale of Chemistry Raw Material
  28. G801010 Warehousing and Storage
  29. IZ06010 Cargoes Packaging
  30. ZZ99999 other businesses which are not prohibited or restricted by the laws, in  
addition to business approved.
- Article 3 The Company may provide endorsement and guarantee for the outside parties upon

- resolution of the Board of Directors.
- Article 3-1 The total reinvestment of the Company shall not be limited to less than forty percent of paid-up capital.
- Article 4 The Company has its head office in Central Taiwan Science Park. The Company may, if necessary, set up branch offices domestically and abroad upon resolution of the Board of Directors and approval of competent authority.
- Article 5 The way to make announcement is accordance with the Article 28 of Company Act.

## **Chapter II Shares**

- Article 6 The total amount of authorized capital stock of the Company is NT\$4,950,000,000, which is divided into 495,000,000 shares at a par value of NT\$10 each. The Board of Directors is authorized to issue the unissued shares by multiple installments.
- Article 7 The shares of the Company shall be name-bearing certificates. They are issued after signed and sealed by Directors representing the Company and certified by the bank which is competent to certify shares under the laws. The shares issued by the Company are exempted from printing, however, they shall be registered in the central securities depository.
- Article 8 Shareholders shall provide their names, addresses, and specimens of their personal seals to the Company for record. The same shall also be provided upon variation of any of the above details. Where any personal seals of the shareholders are lost, it is needed to be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.
- Article 9 Upon transfer of shares, the transferor and transferee shall complete an application for registration of the transfer and affix their personal seals on the application. The application, together with other documents evidencing the transfer, shall be submitted to the Company for the purpose of registration of the transfer. The transferee shall not have a right of action against the Company with respect to matters associated with or arising from the transfer if the name of the transferee is not recorded on the share certificates and the name and address of the transferee are not entered onto the register of shareholders of the Company.
- Article 10 The Company's affairs concerning shareholder services need to be handled in accordance with relevant laws or regulations,
- Article 11 The transfer of shares shall be suspended sixty days before the general meeting of shareholders is held, thirty days before the special meeting of shareholders is held or five days before the base date on which the Company decides to distribute the dividend and bonus or other benefits.

## **Chapter III Shareholders' Meeting**

- Article 12 The shareholders' meeting of the Company shall be classified into the following two types:
1. The general meeting shall be annually convened within six months from the end of each fiscal year.
  2. The special meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.
- The Company's shareholders' meeting may be convened virtually or in other ways announced by the central competent authorities.
- Article 13 Shareholders who are unable to attend the shareholders' meeting may designate a proxy to attend the shareholders' meeting with a power of attorney. A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the company no later than 5 days prior to the meeting date of the shareholders' meeting. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting

shares of the company, otherwise, the portion of excessive voting power shall not be counted. The affairs related to the proxies shall be in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies.

- Article 14 The Chairperson of the Board of Directors shall preside at the shareholders' meeting if the meeting is convened by the Board. When the Chairperson is on leave or unable to exercise power, the person who may preside the meeting shall be determined in accordance with Article 208 of the Company Act. If the shareholders' meeting is convened by a person entitled to convene the meeting, the person shall preside at the meeting. When there are two or more persons entitled to convene, they shall elect a person from among themselves to preside at the meeting.
- Article 15 Shareholders are entitled to one vote for each share held. However, this shall not apply to circumstances restricted by laws and regulations nor shares with no voting rights.
- Article 16 The resolutions of shareholders' meeting, unless otherwise provided by the Company Act, shall be passed, at a meeting attended by shareholders holding at least 50% of the issued capital stock, by more than 50% of the shareholders attending the meeting or proxies who represents the majority of total number of issued shares. When the number of shareholders present does not constitute the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. In the aforesaid meeting of shareholders, if the tentative resolution is again adopted by a majority of those present who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the preceding article.
- Article 17 The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed or sealed with the chop of the Chairperson of the meeting and shall be distributed to all shareholders of the company within 20 days after the close of the meeting.. The meeting minutes shall be kept within the Company. The period in compliance of the Article 183 of the Company Law.

#### **Chapter IV Directors, Audit Committee and Managers**

- Article 18 The Company shall have 9 to 11 directors. Directors shall be elected by adopting candidates nomination system and elected by the shareholders meeting to serve a term of three years. According to relevant laws and regulations, the directors may be eligible for re-election.
- Article 18-1 The number of independent directors within the number of directors in the preceding article shall be three at least and no less than one-fifth of the total number of directors. Independent directors of the Company shall be elected from the respective candidates of directors nominated at the shareholders' meeting. The professional qualification, shareholding, concurrent serving restrictions, nomination and election methods of independent directors and other compliance issues shall be subject to the relevant regulations stipulated by the competent securities authority.
- Article 19 If one third of the offices of the Directors become vacant, the Board shall convene an extraordinary meeting of the shareholders to re-elect and re-appoint Directors to fill the vacancies in accordance with the laws and regulation. The tenure shall be the balance of the term of the relevant offices.
- Article 20 The directors shall elect a Chairperson from among themselves in the Board of Directors' meeting with the consent of majority of attending directors which represents more than two-third of all directors. The Chairperson shall have the authority to represent the Company.
- Article 21 The business policy and other imperative matters of the Company shall be determined by the Board. Except for the first meeting of each term of the Board which shall be convened by the Director who received a ballot representing the largest number of votes at the election of Directors, Board meetings shall be convened by the Chairman, who shall also be the chairman of the meetings. If the Chairman is unable to perform his

duties for any reasons, the Chairman shall designate one of the Directors to act on his behalf, failing which, the Directors present at the meetings shall elect a person from amongst themselves to act on behalf of the Chairman.

Article 22 The Board of Directors' meeting shall be convened at least quarterly. The special meeting shall be convened, whenever is necessary. Resolutions in a board meeting, unless otherwise stipulated in the Company Act, shall be adopted by the majority of attending directors which represents the majority of all directors. The directors shall attend the Board meeting in person. If a director is unable to attend the meeting for some reason, he/she shall authorize other director to stand proxy with a power of attorney indicating the scope of authority with reference to the subjects to be discussed at the meeting. No director may act as proxy for more than one other director. For Board meetings conducted through video-conferencing, a director who participates through video-conferencing is deemed to attend in person. Resolutions adopted at a board meeting shall be recorded in the minutes of the meeting in accordance with Article 183 of the Company Act.

Article 22-1 The Board of Directors' meeting shall be convened by the Chairperson. All directors shall be notified of the meeting seven days in advance via mail, e-mail or fax. In case of emergency, the Board meeting can be convened via mail, e-mail or fax at a shorter period.

Article 23 The Company establishes an audit committee in compliance with Article 14-4 of the Securities and Exchange Act (Act). The audit committee shall be composed of the entire number of independent directors, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.  
The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, and other relevant rules and regulations.

Article 24 The Compensation Committee would evaluate the involvement of directors (including the independent directors) in the business operation of the Company and their contributions to the Company, and make recommendations to the Board concerning their remuneration. The Board of Directors has been delegated to determine the remuneration based on the recommendations from the Compensation Committee with reference to the remuneration standard of the industry.

Article 24-1 The Company may purchase liability insurance for directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy. The Company may purchase liability insurance for the key management as well.

### **Chapter V Managerial Officers**

Article 25 The Company shall have one group chairperson and one chief executive officer president, and several vice presidents for daily operation of the Company and all affiliates of the Company. The appointment, dismissal and remuneration shall be handled in the Board of Directors meeting in accordance with related laws and regulation.

### **Chapter VI Accounting**

Article 26 The Board of Directors shall prepare the following documents after the end of each fiscal year and submit them to the general meeting of shareholders for approval in accordance with laws:

1. Business report
2. Financial statement
3. Profit distribution or deficit compensation proposal

Article 27 When the Company makes a profit for the year, the compensation to employees shall be between 6 to 12 percent of the balance and the remuneration to the directors shall not be

higher than 2 percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit.

The compensation can be made in the form of stock or cash based on the Board resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who met certain conditions set by the Board.

The distribution plan shall be resolved by the Board and reported to the shareholders' meeting.

Article 27-1 Current year's earnings of the Company, if any, shall be distributed in the following order:

1. Taxes and dues
2. Deficit compensation
3. 10% of net profit as legal capital reserves. However, this may not apply when the accumulated legal capital reserve has equaled the total capital of the Company.
4. Special capital reserve appropriated or reversed as stipulated by relevant laws and regulations or competent securities authority
5. For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of bonus to shareholders and submit it to the Shareholders' meeting for resolution

After taking into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash, the Board of Directors shall draw up an earnings distribution proposal not lower than 20 percent of the current distributable earnings calculated shall be appropriated as shareholders' dividends. Dividends can be made in the form of stock or cash based, however, cash dividend shall not be lower than 20 percent of the total dividends.

Article 28 If the accumulated legal capital reserve has equaled the total capital of the Company, shareholders' meeting can resolve to stop set aside.

#### **Chapter VII Additional Provisions**

Article 29 Matters not set forth in the Articles of Incorporation shall be subject to the Company Act and other relevant laws and regulations.

Article 30 The internal organization and the detailed procedures relevant to the business operation of the Company shall be separately determined by the Board.

Article 31 The Articles of Incorporation was established after approval of all promoters on October 13, 1972. It took effect on the date when the competent authority approved the registration.

The first amendment was made on April 30, 1973.

The second amendment was made on November 4, 1973.

The third amendment was made on April 7, 1975.

The fourth amendment was made on February 5, 1976.

The fifth amendment was made on February 12, 1978.

The sixth amendment was made on July 10, 1981.

The seventh amendment was made on August 1, 1982.

The eighth amendment was made on June 15, 1983.

The ninth amendment was made on May 31, 1984.

The tenth amendment was made on December 31, 1984.

The eleventh amendment was made on May 31, 1985.

The twelfth amendment was made on May 31, 1986.

The thirteenth amendment was made on September 30, 1986.

The fourteenth amendment was made on December 12, 1987.

The fifteenth amendment was made on April 12, 1988

The sixteenth amendment was made on April 7, 1989

The seventeenth amendment was made on November 1, 1989.

The eighteenth amendment was made on November 24, 1990.  
The nineteenth amendment was made on June 25, 1991.  
The twentieth amendment was made on December 31, 1991.  
The twenty-first amendment was made on June 2, 1992.  
The twenty-second amendment was made on April 22, 1993.  
The twenty-third amendment was made on May 21, 1994.  
The twenty-fourth amendment was made on May 25, 1996.  
The twenty-fifth amendment was made on May 31, 1997.  
The twenty-sixth amendment was made on May 29, 1998.  
The twenty-seventh amendment was made on May 28, 1999.  
The twenty-eighth amendment was made on June 2, 2000.  
The twenty-ninth amendment was made on May 3, 2001.  
The thirtieth amendment was made on June 21, 2002.  
The thirty-first amendment was made on May 30, 2003.  
The thirty-second amendment was made on June 15, 2004.  
The thirty-third amendment was made on June 23, 2006.  
The thirty-fourth amendment was made on June 15, 2007.  
The thirty-fifth amendment was made on June 16, 2009.  
The thirty-sixth amendment was made on June 25, 2010.  
The thirty-seventh amendment was made on June 25, 2011.  
The thirty-eighth amendment was made on June 22, 2012.  
The thirty-ninth amendment was made on June 23, 2014.  
The fortieth amendment was made on June 22, 2016.  
The forty-first amendment was made on June 22, 2017.  
The forty-second amendment was made on June 22, 2018.  
The forty-third amendment was made on June 21, 2019.  
The forty-fourth amendment was made on June 19, 2020.  
The forty-fifth amendment was made on July 8, 2021.  
The forty-sixth amendment was made on June 23, 2022.

Giant Manufacturing Co., Ltd.  
Chairperson Bonnie Tu

## **Appendix II**

### **Rules of Procedure for Shareholders' Meeting**

Giant Manufacturing Co., Ltd.

#### Rules of Procedure for Shareholders' Meeting

**2018.6.22**

- Article 1: The rules of procedures for shareholders' meeting of the Company shall conform to the provisions of the Rules unless otherwise stipulated in the applicable laws and regulations or Articles of Incorporation.
- Article 2: The Company shall prepare the signing booklet for the attending shareholders or their appointed proxies (hereinafter referred to as "Shareholders") to sign in, or the attending Shareholders shall hand in the attendance cards in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the signing booklet or attendance card submitted plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 3: The attendance at the shareholders' meeting shall be calculated based on the number of shares.  
With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.  
A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.  
When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
- Article 4: The shareholders' meeting is presided by the chairperson of the board of directors if convened by the board. If the chairperson is on leave or unable to exercise power, the vice chairperson of the board shall stand proxy. If there is no vice chairperson of the board or the vice chairperson is also on leave or unable to exercise power, the chairperson may appoint one of managing directors to stand proxy. If there is no managing director, the chairperson may appoint one director to stand proxy. If the chairperson does not appoint a proxy, the managing directors or directors shall elect one person from among themselves to preside at the meeting. If the shareholders' meeting is convened by any other party entitled to convene the meeting, the convening party shall preside at the meeting. When there are two or more convening parties, they shall elect a person from among themselves to preside at the meeting.
- Article 5: The Company may appoint designated attorneys, certified public accountants or related persons to attend the shareholders' meeting. The staff involved in the meeting affairs shall wear identification cards or armbands.
- Article 6: The process of shareholders' meeting shall be tape-recorded or videotaped and kept for at least one year.
- Article 7: The chairperson shall call the meeting to order at the scheduled time. When the majority of the total number of issued shares are not represented by the attending Shareholders, the chairperson may announce to postpone the meeting. The postponement is limited to two times with a combined duration of less than one hour. If the quorum is not met after two

postponements and the attending Shareholders do not represent one-third or more of the total number of issued shares, the chairperson shall announce the adjournment of meeting.

If the quorum is not met after two postponements as mentioned in the preceding paragraph, but one-third or more of the total number of issued shares are represented by the attending Shareholders, tentative resolutions may be made. All Shareholders shall be notified of the tentative resolutions and the shareholders' meeting shall be convened within one month.

Article 8: The board of directors shall set the meeting agenda if the shareholders' meeting is convened by the board of directors. The meeting shall proceed according to the agenda which shall not be changed without a resolution of the shareholders' meeting.

The above provisions apply mutatis mutandis to the shareholders' meeting convened by a party entitled to convene other than the board of directors.

The chairperson shall not announce adjournment of the meeting before completion of the agenda (including extraordinary motions) referred to in the two preceding paragraphs unless otherwise resolved at the shareholders' meeting. If the chairperson announces the adjournment in violation of the Rules, other members of the board shall promptly assist the attending Shareholders in electing a chairperson pursuant to the statutory procedures with the consent of the majority of voting rights represented by the attending Shareholders to continue the meeting.

After the meeting is adjourned, the Shareholders shall not elect another chairperson to continue the meeting at the original or other venue.

Article 9: The shareholders' meeting shall be convened at the premises of the Company or an appropriate venue convenient for Shareholders to attend. The meeting shall begin no earlier than 9 a.m. or no later than 3 p.m.

Article 10: Before speaking, the attending Shareholder shall complete the speaker's slip indicating the subject of speech, Shareholder's account number (or the number of attendance permit) and account name. The sequence of speeches shall be determined by the chairperson.

If the attending Shareholder submits a speaker's slip without speaking, it shall be deemed as making no speeches. If the contents of speech are inconsistent with the contents of speaker's slip, the contents of speech shall prevail.

When the attending Shareholder speaks, other Shareholders shall not interrupt the speech unless they are permitted by the chairperson and the speaking Shareholder. Otherwise, the chairperson shall stop such interruption.

Article 11: The Shareholder shall not make a speech concerning the same proposal for more than two times without the consent of chairperson, and the duration of each speech shall not exceed five minutes. If the Shareholders speaks in violation of the provisions or beyond the scope of agenda item, the chairperson may stop the speech.

Article 12: When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

If a corporate shareholder appoints two or more representatives to attend the shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13: After the attending Shareholder has spoken, the chairperson may respond in person or appoint an appropriate person to respond.

Article 14: The chairperson shall give ample opportunity for explanation and discussion of the proposals and amendments or extraordinary motions proposed by the Shareholders. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson shall announce the discussion closed and call for a vote.

Article 15: The ballot supervisors and ballot counters of proposal voting shall be appointed by the chairperson, but the ballot supervisors shall be Shareholders. The ballot counting shall be publicly conducted at the venue of shareholders' meeting. The voting results shall be announced at the meeting and recorded in the minutes.

Article 16: When the meeting is in progress, the chairperson may announce a break at his/her discretion.

Article 17: Unless otherwise provided in the Company Act and Articles of Incorporation, the adoption of resolution shall be approved by the majority of voting rights represented by the attending

Shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

Article 18: When there is an amendment or an alternative to a proposal, the chairperson shall present the amendment or alternative together with the original proposal and decide their voting orders. If one proposal among them has been adopted, the others shall be deemed overruled and no further voting is required.

Article 19: The chairperson shall direct the disciplinary officers (or security guards) to assist with order maintenance depending on meeting conditions. The disciplinary officers or security guards shall wear armbands marked "disciplinary officer" or identification cards while assisting with order maintenance on the site.

If the venue is equipped with public address system, the chairperson may stop Shareholders from making a speech through other devices.

If a Shareholder violates the Rules and defies the chairperson's correction, obstructs the proceedings and refuses to heed calls to stop, the chairperson may direct the disciplinary officers or security guards to escort the Shareholder from the meeting.

Article 20: Any other matters not set forth in the Rules shall be subject to the Company Act, Articles of Incorporation and other applicable rules and regulations.

Article 21: The Rules and any amendment hereto shall take effect after adoption by the shareholders' meeting.

# RAISE THE BAR

