GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2018 AND 2017

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

TABLE OF CONTENTS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Giga-Byte Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Giga-Byte Technology Co., Ltd. as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other independent accountants, as described in the Other matters section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2018 and 2017, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements of the current period are stated as follows:

Occurrence of revenue from significant new counterparty

Description

Please refer to Note 4(27) for the accounting policies on revenue recognition. For the year ended December 31, 2018, the parent company only operating revenue amounted to NT$57,984,926 thousand.

The Company's revenue is derived from numerous customers from different countries and there was no revenue from a single customer that exceeded 10% of the parent company only operating revenue. Given that the verification of the existence of the transaction counterparty is critical to the revenue recognition, the occurrence of revenue from significant new counterparty was identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Interviewed with management and obtained an understanding of the revenue recognition policy, and the consistency of the policy application during the financial reporting periods.
2. Obtained an understanding and tested credit check procedures for significant new counterparty. Verified that the transaction with significant new counterparty has been properly approved and agreed with supporting documentation, which include searching transaction counterparty's related information.
3. Obtained an understanding and tested the selling price and credit term of significant new counterparty.
4. Interviewed with management and obtained an understanding for the reason of accounts receivable overdue from significant new counterparty in order to evaluate the reasonableness.
5. Sampled and tested detailed revenue schedule of significant new counterparty and verified the original supporting documentation.
6. Sent accounts receivable confirmation letter to significant new counterparty. Investigated the reason and tested reconciling items made by the Company if the result in confirmation reply did not correspond to records, or tested collections after the balance sheet date if no confirmation reply was received.

Assessment of allowance for valuation of inventory loss

Description

Please refer to Note 4(12) for the accounting policies on evaluation of inventories; Note 5(2) for uncertainty of accounting estimates and assumption on inventory evaluation; and Note 6(5) for the details of the inventories. As of December 31, 2018, the inventories and allowance for valuation loss amounted to NT$12,210,631 thousand and NT$527,921 thousand, respectively.

The Company is primarily engaged in manufacturing and selling of computer hardware equipment and related components. Due to the short life cycle of electronic products and the price is highly subject to market fluctuation, the risk of incurring inventory valuation losses or having obsolete inventory are relatively high. Inventories held for sale in the ordinary course of business are stated at the lower of cost and net realisable value; Valuation loss are recognised for those inventories which exceed certain aging period or individually identified as obsolete inventories based on its net realisable value.

Given that the amount of inventories is significant and that the individually identified net realisable value of obsolete inventories has uncertainty based on prior industry experience, the evaluation of the allowance for valuation loss was identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Interviewed with management and obtained an understanding of the policy and process on evaluation of the allowance for valuation loss, and the consistency of the policy and process application during the financial reporting periods.

2. Obtained an understanding of the warehouse management procedures, reviewed annual physical inventory count plan and participated the annual inventory count. Evaluated the effectiveness of management control on identifying and managing obsolete inventories.

3. Tested the appropriateness of system logic in inventory aging report which management adopted for inventories valuation purpose, and verified that obsolete inventories which exceeded a certain aging period were included in the report.

4. Evaluated the reasonableness of obsolete or damaged inventory items which were identified by management, reviewed related supporting documentation, and compared to the results obtained from the observation of physical inventory count.

5. For inventories which exceeded a certain period of aging and individually identified as obsolete and damaged, discussed with management and obtained supporting documentation of the evaluation on net realisable value, and performed recalculation.

Other matter – Report of other independent accountants

We did not audit the financial statements of certain parent company only subsidiaries and investments accounted for using the equity method. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts included in the financial statements was based solely on the reports of the other independent accountants. The aforementioned equity investments were $48,519 thousand and $76,901 thousand, representing 0.14% and 0.20% of total parent company only assets as of December 31, 2018 and 2017, respectively, and total net comprehensive loss were $30,027 thousand and $8,946 thousand, representing (1.16%) and (0.31%) of total parent company only comprehensive loss for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chun-Yuan Hsiao　　　　　　　　Fang-Yu Wang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2019

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

			December 31, 2018		December 31, 2017	
	Assets	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 4,442,162	12	$ 11,036,514	29
1110	Financial assets at fair value through profit or loss - current	6(2)	441,694	1	421,007	1
1136	Financial assets at amortised cost- current	6(3)	161,192	1	-	-
1150	Notes receivable, net	6(4)	4,057	-	5,352	-
1170	Accounts receivable, net	6(4)	3,107,344	9	3,949,604	11
1180	Accounts receivable-related parties, net	7	2,485,227	7	2,338,274	6
1200	Other receivables		82,130	-	111,706	-
130X	Inventories, net	6(5)	11,682,710	33	8,381,086	22
1410	Prepayments		311,382	1	244,352	1
1470	Other current assets	8	28,666	-	739	-
11XX	**Total current assets**		22,746,564	64	26,488,634	70
	Non-current assets					
1550	Investments accounted for using equity method	6(6)	10,056,148	28	8,809,612	23
1600	Property, plant and equipment, net	6(7)	2,462,212	7	2,160,918	6
1760	Investment property, net	6(8)	-	-	176,700	-
1780	Intangible assets		41,766	-	14,014	-
1840	Deferred income tax assets	6(23)	360,291	1	232,111	1
1900	Other non-current assets	6(9) and 8	126,719	-	180,300	-
15XX	**Total non-current assets**		13,047,136	36	11,573,655	30
1XXX	**Total assets**		$ 35,793,700	100	$ 38,062,289	100

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Liabilities					
	Current liabilities					
2130	Contract liabilities - current	6(17)	$ 277,495	1	$ -	-
2150	Notes payable		9,736	-	18,628	-
2170	Accounts payable		5,033,718	14	8,293,689	22
2180	Accounts payable-related parties	7	1,395,431	4	944,944	2
2200	Other payables	6(10)	3,446,339	10	3,336,517	9
2230	Current income tax liabilities		366,508	1	98,181	-
2250	Provisions for liabilities - current	6(11)	433,059	1	444,706	1
2300	Other current liabilities	7	202,806	-	265,881	1
21XX	**Total current liabilities**		11,165,092	31	13,402,546	35
	Non-current liabilities					
2570	Deferred income tax liabilities	6(23)	-	-	7,542	-
2600	Other non-current liabilities	6(12)	545,133	2	562,300	2
25XX	**Total non-current liabilities**		545,133	2	569,842	2
2XXX	**Total liabilities**		11,710,225	33	13,972,388	37
	Equity					
	Capital stock	6(14)				
3110	Common stock		6,356,889	18	6,356,889	17
	Capital surplus	6(15)				
3200	Capital surplus		3,924,357	11	3,962,314	10
	Retained earnings	6(16)				
3310	Legal reserve		4,125,245	11	3,846,604	10
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings		8,865,838	25	9,567,977	25
	Other equity					
3400	Other equity		384,792	1	(70,237)	-
3XXX	**Total equity**		24,083,475	67	24,089,901	63
3X2X	**Total liabilities and equity**		$ 35,793,700	100	$ 38,062,289	100

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

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			2018		2017	
	Items	Notes	Amount	%	Amount	%
4000	**Operating revenue**	6(17) and 7	$ 57,984,926	100	$ 57,213,666	100
5000	**Operating costs**	6(5)(21)(22) and 7	(50,334,374)	(87)	(49,124,330)	(86)
5900	**Gross profit**		7,650,552	13	8,089,336	14
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		(3,010,534)	(5)	(3,233,728)	(6)
6200	General and administrative expenses		(995,010)	(2)	(1,031,976)	(2)
6300	Research and development expense		(1,902,570)	(3)	(1,849,544)	(3)
6450	Expected credit gains	6(21) and 12(2)	13,742	-	-	-
6000	**Total operating expenses**		(5,894,372)	(10)	(6,115,248)	(11)
6900	**Operating profit**		1,756,180	3	1,974,088	3
	Non-operating revenue and expenses					
7010	Other income	6(18)	568,641	1	443,664	1
7020	Other gains and losses	6(19)	158,478	-	162,358	-
7050	Finance costs	6(20)	(278)	-	(286)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	425,886	1	785,603	1
7000	**Total non-operating revenue and expenses**		1,152,727	2	1,066,623	2
7900	**Profit before income tax**		2,908,907	5	3,040,711	5
7950	Income tax expense	6(23)	(342,395)	(1)	(254,300)	(-)
8200	**Profit for the year**		$ 2,566,512	4	$ 2,786,411	5
	Other comprehensive income, net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(12)	$ 17,336	-	($ 36,990)	-
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		127,094	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	256	-	6,288	-
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**		144,686	-	(30,702)	-
	Components of other comprehensive income that will subsequently be reclassified to profit or loss					
8361	Exchange differences arising from translation of foreign operations		(129,556)	-	(54,825)	-
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method, components of other comprehensive income that will be reclassified to profit or loss		-	-	159,941	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(129,556)	-	105,116	-
8300	**Other comprehensive income (loss) for the year, net**		$ 15,130	-	($ 74,414)	-
8500	**Total comprehensive income for the year**		$ 2,581,642	4	$ 2,860,825	5
9750	**Basic earnings per share**	6(24)	$	4.04	$	4.41
9850	**Diluted earnings per share**		$	3.98	$	4.30

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

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

				Retained earnings			Other equity			
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from translation of foreign operations	Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income	Unrealized gain (loss) on valuation of available-for-sale financial assets	Total equity
Year 2017										
Balance at January 1, 2017		$ 6,291,179	$ 4,602,046	$ 3,617,317	$ 426,354	$ 8,048,962	($ 212,540)	$ -	$ 37,187	$ 22,810,505
Profit for the year		-	-	-	-	2,786,411	-	-	-	2,786,411
Other comprehensive income (loss) for the year		-	-	-	-	(30,702)	(54,825)	-	159,941	74,414
Total comprehensive income (loss) for the year		-	-	-	-	2,755,709	(54,825)	-	159,941	2,860,825
Appropriations of 2016 earnings:	6(16)									
Legal reserve		-	-	229,287	-	(229,287)	-	-	-	-
Cash dividends		-	-	-	-	(1,007,407)	-	-	-	(1,007,407)
Cash dividends from capital surplus	6(15)	-	(629,630)	-	-	-	-	-	-	(629,630)
Share-based payment		65,710	(2,566)	-	-	-	-	-	-	63,144
Effects on capital reorganisation		-	1,852	-	-	-	-	-	-	1,852
Changes in equity of associates accounted for using equity method		-	(1,966)	-	-	-	-	-	-	(1,966)
Disposal of investments accounted for using equity method		-	(7,422)	-	-	-	-	-	-	(7,422)
Balance at December 31, 2017		$ 6,356,889	$ 3,962,314	$ 3,846,604	$ 426,354	$ 9,567,977	($ 267,365)	$ -	$ 197,128	$ 24,089,901
Year 2018										
Balance at January 1, 2018		$ 6,356,889	$ 3,962,314	$ 3,846,604	$ 426,354	$ 9,567,977	($ 267,365)	$ -	$ 197,128	$ 24,089,901
Adjustments under new standards	12(4)	-	-	-	-	(464,366)	-	654,619	(197,128)	(6,875)
Adjusted beginning balance		6,356,889	3,962,314	3,846,604	426,354	9,103,611	(267,365)	654,619	-	24,083,026
Profit for the year		-	-	-	-	2,566,512	-	-	-	2,566,512
Other comprehensive income (loss) for the year		-	-	-	-	17,592	(129,556)	127,094	-	15,130
Total comprehensive income (loss) for the year		-	-	-	-	2,584,104	(129,556)	127,094	-	2,581,642
Appropriations of 2017 earnings:	6(16)									
Legal reserve		-	-	278,641	-	(278,641)	-	-	-	-
Cash dividends		-	-	-	-	(2,542,756)	-	-	-	(2,542,756)
Recognition of share-based payments of subsidiaries		-	1,196	-	-	-	-	-	-	1,196
Disposal of equity instruments at fair value through other comprehensive income		-	-	-	-	(480)	-	-	-	(480)
Changes in equity of associates accounted for using equity method		-	(39,153)	-	-	-	-	-	-	(39,153)
Balance at December 31, 2018		$ 6,356,889	$ 3,924,357	$ 4,125,245	$ 426,354	$ 8,865,838	($ 396,921)	$ 781,713	$ -	$ 24,083,475

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

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
Cash flows from operating activities			
Profit before income tax		$ 2,908,907	$ 3,040,711
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(7)(21)	157,176	134,828
Depreciation charge on investment property	6(8)	-	1,408
Amortization	6(21)	135,516	154,962
Provision for doubtful accounts	6(21) and 12(4)	-	13,319
Expected credit gains	6(21)	(13,742)	-
(Gain) loss on valuation of financial assets at fair value through profit or loss	6(2)(19)	(1,792)	14,807
Interest expense	6(20)	277	286
Interest income	6(18)	(62,632)	(66,068)
Share of profit of subsidiaries and associates accounted for using the equity method	6(6)	(425,886)	(785,603)
Gain on disposal of property, plant and equipmen	6(19)	(5,193)	(400)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(18,895)	24,785
Notes receivable		1,295	2,696
Accounts receivable		712,880	(881,525)
Other receivables		27,819	(18,868)
Inventories		(3,301,624)	883,426
Prepayments		(67,029)	-
Other current assets		(27,927)	23,324
Net changes in liabilities relating to operating activities			
Contract liabilities		145,037	-
Notes payable		(8,892)	(11,241)
Accounts payable		(2,809,484)	1,327,410
Other payables		95,202	592,559
Provisions for liabilities		(11,647)	874
Other current liabilities		69,383	(201,864)
Other non-current liabilities		2,214	11,181
Cash (used in) generated from operations		(2,499,037)	4,261,007
Interest received		64,390	65,607
Interest paid		(277)	(286)
Income tax paid		(210,185)	(466,920)
Net cash (used in) generated from operating activities		(2,645,109)	3,859,408

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
Cash flows from investing activities			
Acquisition of financial assets at amortised cost- current		($ 161,192)	$ -
Acquisition of investments accounted for using equity method	7(2)	(872,089)	(349,317)
Acquisition of property, plant and equipment	6(25)	(267,419)	(49,238)
Proceeds from disposal of property, plant and equipment		5,463	400
Decrease (increase) in guarantee deposit paid		472	(3,829)
Acquisition of intangible assets		(79,598)	(45,843)
Increase in other non-current assets		(30,563)	(94,643)
Net cash used in investing activities		(1,404,926)	(542,470)
Cash flows from financing activities			
Decrease in guarantee deposit received		(1,561)	(14,316)
Cash dividends paid	6(16)	(2,542,756)	(1,007,407)
Employee stock options exercised	6(13)	-	63,144
Cash distribution from capital surplus	6(15)	-	(629,630)
Net cash used in financing activities		(2,544,317)	(1,588,209)
Net (decrease) increase in cash and cash equivalents		(6,594,352)	1,728,729
Cash and cash equivalents at beginning of year		11,036,514	9,307,785
Cash and cash equivalents at end of year		$ 4,442,162	$ 11,036,514

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

GIGA-BYTE TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Giga-Byte Technology Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The address of the Company's registered office is No.6, Baoqiang Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.). The Company is engaged in the manufacturing, processing and trading of computer peripheral and component parts. The Company's shares have been traded on the Taiwan Stock Exchange since September 24, 1998.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 15, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1,'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12,'Disclosure of interests in other entities'	January 1, 2017

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28,'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss and financial asset measured at fair value through other comprehensive income. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(c) The Company has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Notes 12(4) B and C.

B. IFRS 15, 'Revenue from contracts with customers' and amendments

(a) IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer.

Step 2: Identify separate performance obligations in the contract(s).

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

(b) The Company has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The Company applied retrospectively IFRS 15 only to incomplete contracts as of January 1, 2018, by adopting an optional transition expedient. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

i. Presentation of assets and liabilities in relation to contracts with customers

In line with IFRS 15 requirements, the Company changed the presentation of certain accounts in the balance sheet as follows:

Under IFRS 15, liabilities in relation to merchandise contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to $132,458.

ii. Please refer to Note 12(5) for other disclosures in relation to the first application of IFRS 15.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases'and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Company expects to recognise the lease contract of lessees in line with IFRS 16. However, the Company does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by $94,878 and $ 94,878, respectively.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8,'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3,'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements were prepared in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers'.

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Company has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 11 ('IAS 11'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents, or shall be classified as financial assets at amortised cost-current or financial assets at amortised cost-non current based on its maturity date if the maturity is longer than three months.

(6) Financial assets at fair value through profit or loss

Effective 2018

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

Effective 2018

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the un-consolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the un-consolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3～55 years
Machinery and equipment	3～ 9 years
Research and development equipment	3～ 6 years
Office equipment	5 years
Other tangible operating assets	3～10 years

(15) Operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 55 years.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 2 years.

B. Trademarks right

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

(18) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of intangible assets with an indefinite useful life are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Provisions

Warranty provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans is recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation, directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) <u>Employee share-based payment</u>

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest. The aforementioned grant date represents the grant date resolved by the Board of Directors.

(24) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(27) Revenue recognition

Sales of goods

A. The Company manufactures and sells computer peripheral and component parts products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated business tax, sales returns, volume discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

C. The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

Inventories are stated at the lower of cost and net realizable value. For inventory which is saleable and obsolete inventory that is checked item by item, the net realizable value are determined based on past experience on industry. Management's judgement on determining net realizable value involves material judgement.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and petty cash	$ 2,269	$ 2,244
Checking accounts and demand deposits	3,637,080	3,945,374
Time deposits	802,813	7,088,896
	$ 4,442,162	$ 11,036,514

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Effective 2018

Financial assets mandatorily measured at fair value through profit or loss	December 31, 2018
Beneficiary certificates	$ 307,318
Government bonds	79,923
Corporate bonds	64,257
	451,498
Valuation adjustment (including allowance for uncollectible accounts)	(9,804)
	$ 441,694

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

Financial assets mandatorily measured at fair value through profit or loss	2018
Debt instruments	$ 1,472
Beneficiary certificates	320
	$ 1,792

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

D. Information on financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).

(3) Financial assets at amortised cost

Effective 2018

Current items:	December 31, 2018
Time deposits	$ 161,192

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	2018
Interest income	$ 765

B. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $161,192.

C. The Company has no financial assets at amortised cost pledged to others.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 4,057	$ 5,352
Accounts receivable	$ 3,126,354	$ 3,988,277
Less: Allowance for uncollectible accounts	(19,010)	(38,673)
	$ 3,107,344	$ 3,949,604

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2018		December 31, 2017	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 2,602,457	$ 4,057	$ 3,405,616	$ 5,352
Up to 30 days	504,224	-	528,429	-
31 to 60 days	2,542	-	36,035	-
61 to 90 days	6,660	-	3,830	-
Over 90 days	10,471	-	14,367	-
	$ 3,126,354	$ 4,057	$ 3,988,277	$ 5,352

The above ageing analysis was based on past due date.

B. The Company has no notes and accounts receivable pledged to others.

C. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were $4,057 and $5,352, $3,107,344 and $3,949,604, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 3,891,733	($ 112,539)	$ 3,779,194
Work in progress	998,515	(1,272)	997,243
Finished goods and merchandise inventories	7,320,383	(414,110)	6,906,273
	$ 12,210,631	($ 527,921)	$ 11,682,710

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 3,110,692	($ 84,208)	$ 3,026,484
Work in progress	945,233	(1,016)	944,217
Finished goods and merchandise inventories	4,477,885	(67,500)	4,410,385
	$ 8,533,810	($ 152,724)	$ 8,381,086

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2018	2017
Cost of inventories sold	$ 49,402,043	$ 48,858,910
Cost of warranty	557,134	276,853
Loss on valuation (gain on reversal of valuation)	375,197	(11,436)
Others	-	3
	$ 50,334,374	$ 49,124,330

For the year ended December 31, 2017, the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the sale of part of its inventories which were declining in market value.

(6) Investments accounted for using the equity method

	December 31, 2018	December 31, 2017
Subsidiaries		
Freedom International Group Ltd.	$ 5,971,052	$ 5,495,121
Giga Investment Co.	2,983,967	2,510,439
G-Style Co., Ltd.	341,953	348,552
Giga-Byte Technology B.V.	148,731	126,800
G.B.T. Inc.	79,195	112,618
G.B.T. Technology Trading GmbH	307,710	58,052
BYTE International Co., Ltd.(Note 1)	57,211	21,285
Giga-Byte Communication Inc.	35,194	(483)
G.B.T. Technology LLC others	131,135	136,745
	10,056,148	8,809,129
Add: Reclassified to other non-current liabilities	-	483
	$ 10,056,148	$ 8,809,612

Note 1: The company was formerly named 'Giga-Zone International Co., Ltd.' and changed its name to 'BYTE International Co., Ltd.'on April 11, 2018.

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2018 for more information on the Company's subsidiary.

B. The investment gain of $425,886 and $785,603 were accounted for using equity method based on the audited financial statements of the investee companies for the years ended December 31, 2018 and 2017, respectively, except as stated in the following paragraph.

C. The Company continued to account for the operating losses of its subsidiary, Giga-Byte Communication Inc. under investment losses for the year ended December 31, 2017. As of December 31, 2017, the credit balance of the carrying amount of investments recognised under the equity method was reclassified to other non-current liabilities.

(7) Property, plant and equipment

	Land	Buildings	Machinery	Others	Total
At January 1, 2018					
Cost	$ 919,009	$ 1,561,224	$ 1,099,817	$ 652,728	$ 4,232,778
Accumulated depreciation	-	(583,504)	(909,668)	(578,688)	(2,071,860)
	$ 919,009	$ 977,720	$ 190,149	$ 74,040	$ 2,160,918
2018					
Opening net book amount	$ 919,009	$ 977,720	$ 190,149	$ 74,040	$ 2,160,918
Additions	-	30,798	43,532	207,710	282,040
Disposals	-	-	(235)	(35)	(270)
Reclassifications	116,003	64,143	1,742	(5,188)	176,700
Depreciation charge	-	(41,231)	(57,463)	(58,482)	(157,176)
Closing net book amount	$ 1,035,012	$ 1,031,430	$ 177,725	$ 218,045	$ 2,462,212
At December 31, 2018					
Cost	$ 1,035,012	$ 1,643,982	$ 1,031,390	$ 834,006	$ 4,544,390
Accumulated depreciation	-	(612,552)	(853,665)	(615,961)	(2,082,178)
	$ 1,035,012	$ 1,031,430	$ 177,725	$ 218,045	$ 2,462,212

	Land	Buildings	Machinery	Others	Total
At January 1, 2017					
Cost	$ 897,204	$ 1,537,298	$ 1,104,000	$ 646,811	$ 4,185,313
Accumulated depreciation	-	(549,777)	(871,020)	(550,791)	(1,971,588)
	$ 897,204	$ 987,521	$ 232,980	$ 96,020	$ 2,213,725
2017					
Opening net book amount	$ 897,204	$ 987,521	$ 232,980	$ 96,020	$ 2,213,725
Additions	-	12,272	10,092	26,874	49,238
Reclassifications	21,805	11,369	1,014	(1,405)	32,783
Depreciation charge	-	(33,442)	(53,937)	(47,449)	(134,828)
Closing net book amount	$ 919,009	$ 977,720	$ 190,149	$ 74,040	$ 2,160,918
At December 31, 2017					
Cost	$ 919,009	$ 1,561,224	$ 1,099,817	$ 652,728	$ 4,232,778
Accumulated depreciation	-	(583,504)	(909,668)	(578,688)	(2,071,860)
	$ 919,009	$ 977,720	$ 190,149	$ 74,040	$ 2,160,918

A. The significant components of buildings include main plants and renovation projects, which are depreciated over 55 and 10 years, respectively.

B. The Company has no property, plant and equipment pledged to others.

(8) Investment property

	Land	Buildings	Total
At January 1, 2018			
Cost	$ 116,003	$ 78,652	$ 194,655
Accumulated depreciation	-	(17,955)	(17,955)
	$ 116,003	$ 60,697	$ 176,700
2018			
Opening net book amount	$ 116,003	$ 60,697	$ 176,700
Reclassifications	(116,003)	(60,697)	(176,700)
Depreciation charge	-	-	-
Closing net book amount	$ -	$ -	$ -
At December 31, 2018			
Cost	$ -	$ -	$ -
Accumulated depreciation	-	-	-
	$ -	$ -	$ -

	Land	Buildings	Total
At January 1, 2017			
Cost	$ 137,808	$ 90,848	$ 228,656
Accumulated depreciation	-	(17,765)	(17,765)
	$ 137,808	$ 73,083	$ 210,891
2017			
Opening net book amount	$ 137,808	$ 73,083	$ 210,891
Reclassifications	(21,805)	(10,978)	(32,783)
Depreciation charge	-	(1,408)	(1,408)
Closing net book amount	$ 116,003	$ 60,697	$ 176,700
At December 31, 2017			
Cost	$ 116,003	$ 78,652	$ 194,655
Accumulated depreciation	-	(17,955)	(17,955)
	$ 116,003	$ 60,697	$ 176,700

A. Rental income from investment property and direct operating expenses arising from the investment property are shown below:

	Years ended December 31, 2018	Years ended December 31, 2017
Rental income from investment property	$ -	$ 10,688
Direct operating expenses arising from the investment property that generated rental income during the period	$ -	$ 1,408

B. The fair value of the investment property held by the Company as at December 31, 2017 was $211,570, which was valuated with reference to the future rental income and the related discounted cash flows, which was categorized within Leve1 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2017
Discount rate	1.845%

C. The Company has no investment property pledged to others.

(9) Other non-current assets

	December 31, 2018	December 31, 2017
Pledged assets	$ 60,978	$ 40,897
Refundable deposits	26,694	27,166
Others	39,047	112,237
	$ 126,719	$ 180,300

Information about the restricted assets that were pledged to others as collateral is provided in Note 8.

(10) Other payables

	December 31, 2018	December 31, 2017
Salary and bonus payable	$ 2,416,337	$ 2,331,618
Employees' compensation and directors' and supervisors' remuneration payable	374,323	388,968
Royalties payable	66,776	64,992
Shipping and freight-in payable	120,895	119,188
Others	468,008	431,751
	$ 3,446,339	$ 3,336,517

(11) Provisions

A. Movement analysis of the provision for warranty is as follows:

	2018	2017
At January 1	$ 444,706	$ 443,832
Additional provisions	557,134	276,853
Used during the period	(568,781)	(275,979)
At December 31	$ 433,059	$ 444,706

B. The Company gives warranties on the peripherals and accessories of computer hardware sold. Provision for warranty is estimated based on the historical repair records of the product.

(12) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(a) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2018	December 31,2017
Present value of defined benefit obligations	($ 764,063)	($ 776,787)
Fair value of plan assets	221,165	218,767
Net defined benefit liability	($ 542,898)	($ 558,020)

(b)Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 776,787)	$ 218,767	($ 558,020)
Current service cost	(4,753)	-	(4,753)
Interest (expense) income	(9,657)	2,770	(6,887)
Past service cost	4,496	-	4,496
	(786,683)	221,537	(565,146)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	6,220	6,220
Change in demographic assumptions	(3,099)	-	(3,099)
Change in financial assumptions	(24,054)	-	(24,054)
Experience adjustments	38,269	-	38,269
	11,116	6,220	17,336
Pension fund contribution	-	4,912	4,912
Paid pension	11,504	(11,504)	-
Balance at December 31	($ 764,063)	$ 221,165	($ 542,898)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 738,594)	$ 228,745	($ 509,849)
Current service cost	(4,619)	-	(4,619)
Interest (expense) income	(11,014)	3,498	(7,543)
Past service cost	548	-	548
	(753,706)	232,243	(521,463)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,281)	(1,281)
Change in demographic assumptions	(4,764)	-	(4,764)
Change in financial assumptions	(25,179)	-	(25,179)
Experience adjustments	(5,766)	-	(5,766)
	(35,709)	(1,281)	(36,990)
Pension fund contribution	-	433	443
Paid pension	12,628	(12,628)	-
Balance at December 31	($ 776,787)	$ 218,767	($ 558,020)

(c)The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and

Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d)The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2018	2017
Discount rate	1.00%	1.50%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 24,070)	$ 25,133	$ 24,574	($ 23,669)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 25,375)	$ 26,524	$ 25,999	($ 25,013)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once.

The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2019 amounts to $13,654.

(f) As of December 31, 2018, the weighted average duration of that retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	7,734
1-2 year(s)		14,231
2-5 years		71,254
Over 5 years		759,549
	$	852,768

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2018 and 2017 were $81,331 and $78,644, respectively.

(13) Share-based payment

A. For the years ended December 31, 2018 and 2017, the Company's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2007.12.19	40,000,000 shares	10 years	2~4 years' service vested immediately

B. Details of the share-based payment arrangements are as follows:

	2017	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	9,984	$ 10.20
Options exercised	(6,571)	9.61
Options forfeited	(100)	9.55
Options expired	(3,313)	9.55
Options outstanding at December 31	-	-
Options exercisable at December 31	-	

C. The weighted-average stock price of stock options at exercise date for the year ended December 31, 2017 was $38.95~$51.05 (in dollars).

D. For the stock options granted by the Company with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted-average parameters used in the estimation of the fair value are as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Price volatility	Option life	Dividends	Interest rate	Fair value per unit
Employee stock options	2007.12.19	$ 19	$ 19	39.16%	6.35 years	-	2.58%	$ 8.1648

(14) Share capital

A. As of December 31, 2018, the Company's authorized capital was $9,500,000, consisting of 950,000 thousand shares of ordinary shares (including 250,000 thousand shares reserved for employee stock options and for convertible bonds issued by the Company), and the paid-in capital was $6,356,889 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected:

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2018	2017
At January 1	635,688,886	629,117,886
Employee stock options exercised	-	6,571,000
At December 31	635,688,886	635,688,886

B. The number of shares of common stock issued for the years ended December 31, 2018 and 2017 due to the exercise of employee stock options is 0 and 6,571,000 shares, respectively.

(15) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. On June 14, 2017, the shareholders at their meeting resolved to distribute cash distribution from capital surplus in the amount of $629,630 with per share of $1.

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless accumulated legal reserve has reached an amount equal to the Company's paid-in capital. And then special reserve shall be set aside or reversed according to the laws or decrees or the regulations of competent authorities. Appropriation (5% ~ 80%) of the remainder plus prior year's accumulated retained earnings shall be proposed by the Board of Directors and resolved by the stockholders. The Company's dividend policy is as follows: not less than 87% of distributable amounts as dividends to stockholders, of which, not less than 5% shall be distributed in the form of cash. If the cash dividend is less than ten cents (NT$0.1) per share, such dividend shall be distributed in the form of shares.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The amounts previously set aside by the Company as special reserve of $426,354 on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The appropriation of 2017 earnings had been proposed by the Board of Directors on June 11, 2018 and the appropriation of 2016 earnings had been resolved at the stockholders' meeting on June 14, 2017. Details are summarized below:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 278,641		$ 229,287	
Cash dividends	2,542,756	$ 4.00	1,007,407	$ 1.60

E. As of the date of the auditor's report, the appropriation of retained earnings for 2018 has not been resolved by the Board of Directors. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(22).

(17) Operating revenue

	December 31, 2018
Revenue from contracts with customers	$ 57,984,926

A. Disaggregation of revenue from contracts with customers

The Company derives revenue at a point in time in the following major product lines and segments:

Year ended December 31, 2018

	Global brand business group	Other business group	Total
Product Types			
Peripheral card	$ 27,373,817	$ 505,098	$ 27,878,915
Mainboard	19,502,013	1,070,996	20,575,009
Computer server	-	7,271,587	7,271,587
Others	976,837	1,282,578	2,259,415
	$ 47,854,667	$ 10,130,259	$ 57,984,926
Timing of revenue			
At a point in time	$ 47,854,667	$ 10,130,259	$ 57,984,926

B. Contract assets and liabilities

The Company has recognised advance sales receipts as revenue-related contract liabilities amounting to $277,495.

Revenue recognised that was included in the contract liability balance at the beginning of the period:

Revenue recognised that was included in the contract liability balance at the beginning of the period	2018
Advance sales receipts	$ 132,458

C. Related disclosures for 2017 operating revenue are provided in Note 12(5) B.

(18) Other income

	Years ended December 31, 2018	Years ended December 31, 2017
Interest income：		
Interest income from bank deposits	$ 53,455	$ 57,148
Interest income from financial assets at fair value through profit or loss	4,358	6,617
Interest income from financial assets measured at amortised cost	765	-
Other interest income	4,054	2,303
Total interest income	62,632	66,068
Rent income	14,262	12,193
Other income, others	491,747	365,403
	$ 568,641	$ 443,664

(19) Other gains and losses

	Years ended December 31, 2018	2017
Foreign exchange gains (losses)	$ 151,493	($ 145,277)
Gains (losses) on financial assets at fair value through profit or loss	1,792	(14,807)
Gains on disposal of property, plant and equipment	5,193	400
Others	-	(2,674)
	$ 158,478	($ 162,358)

(20) Finance costs

	Years ended December 31, 2018	2017
Interest expense	$ 278	$ 286

(21) Expenses by nature

	Years ended December 31, 2018	2017
Cost of goods sold	$ 49,316,590	$ 48,776,523
Employee benefit expense	3,446,616	3,698,851
Depreciation and amortisation	292,692	289,790
Warranty cost of after-sale service	557,134	276,853
Transportation expenses	178,975	155,027
Losses on doubtful debts	-	13,319
Expected credit gains	(13,742)	-
Other costs and expenses	2,459,481	2,029,215
	$ 56,228,746	$ 55,239,578

(22) Employee benefit expense

	Years ended December 31, 2018	2017
Wages and salaries	$ 3,018,391	$ 3,277,201
Labor and health insurance fees	183,835	179,926
Pension costs	88,457	90,258
Directors’ remuneration	52,646	52,425
Other personnel expenses	103,287	99,041
	$ 3,446,616	$ 3,698,851

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors’ remuneration. The ratio shall be 3%~10% for employees’ compensation and shall not be higher than 3% for directors’ remuneration.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at $328,323 and $342,968, respectively; while directors' remuneration was both accrued at $46,000. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 10% and 1.4% of distributable profit of current year for the year ended December 31, 2018. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $328,323 and $46,000, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2017 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2017 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Current tax on profits for the period	$ 517,564	$ 226,845
Tax on undistributed surplus earnings	-	102,899
Prior year income tax overestimation	(39,052)	(82,740)
Total current tax	478,512	247,004
Deferred tax:		
Origination and reversal of temporary differences	(103,452)	7,296
Impact of change in tax rate	(32,665)	-
Income tax expense	$ 342,395	$ 254,300

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2018	Years ended December 31, 2017
Remeasurement of defined benefit obligations	$ 3,468	($ 6,288)
Impact of change in tax rate	(3,724)	-
	($ 256)	($ 6,288)

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2018	Years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate	$ 581,781	$ 516,921
Expenses disallowed by tax regulation	35,116	(117,286)
Tax exempt income by tax regulation	-	(5)
Effect from investment tax credits	(71,184)	(66,027)
Tax on undistributed surplus earnings	-	102,899
Prior year income tax overestimation	(39,052)	(82,740)
Changes in assessment of realisability of deferred tax assets	(131,601)	(99,462)
Impact of change in tax rate	(32,665)	-
Income tax expense	$ 342,395	$ 254,300

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	Year ended December 31, 2018				
	January 1	Adjustments under new standards	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets					
Provision for warranty expense	$ 75,601	$ -	$ 11,011	$ -	$ 86,612
Loss on inventory	25,963	-	79,621	-	105,584
Amount of allowance for bad debts that exceed the limit for tax purpose	2,999	(651)	(2,348)	-	-
Pension expense	39,327	-	7,383	-	46,710
Unrealised profit on intercompany sales	17,715	-	42,140	-	59,855
Unrealised exchange loss	2,092	-	(2,047)	-	45
Remeasurement of defined benefit obligations	21,104	-	-	256	21,360
Others	47,310	-	(7,158)	-	40,125
	232,111	(651)	128,757	256	360,291
Deferred tax liabilities					
Others	(7,542)	-	7,542	-	-
	(7,542)	-	7,542	-	-
	$ 224,569	($ 651)	$ 136,117	$ 256	$ 360,291

	Year ended December 31, 2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Provision for warranty expense	$ 75,452	$ 149	$ -	$ 75,601
Loss on inventory	27,907	(1,944)	-	25,963
Amount of allowance for bad debts that exceed the limit for tax purpose	2,999	-	-	2,999
Pension expense	37,426	1,901	-	39,327
Unrealised profit on intercompany sales	39,449	(21,734)	-	17,715
Unrealised exchange loss	-	2,092	-	2,092
Remeasurement of defined benefit obligations	14,816	-	6,288	21,104
Others	37,856	9,454	-	47,310
	233,905	(10,082)	6,288	232,111
Deferred tax liabilities				
Unrealised exchange gain	(10,328)	10,328	-	-
Others	-	(7,542)	-	(7,542)
	(10,328)	2,786	-	(7,542)
	$ 225,577	($ 7,296)	$ 6,288	$ 224,569

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2018 and 2017, the amounts of temporary difference unrecognised as deferred tax liabilities were $120,652 and $119,354, respectively.

E. The Company’s income tax returns through 2016 have been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company’s applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(24) Earnings per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 2,566,512	635,689	$ 4.04
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
－Employees' bonus	-	9,202	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 2,566,512	644,891	$ 3.98

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 2,786,411	631,146	$ 4.41
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
－Employees' bonus	-	13,979	
－Employ stock options	-	3,515	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 2,786,411	648,640	$ 4.30

(25) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2018	2017
Purchase of property, plant and equipment	$ 282,040	$ 49,238
Less: Ending balance of payable on equipment	(14,621)	-
Cash paid during the period	$ 267,419	$ 49,238

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Gigabyte Technology Pty. Ltd. (G.B.T.-AU)	The Company's subsidiary
Giga-Byte Technology B.V. (G.B.T.-NL)	〃
Giga-Byte Technology (India) Private Limited (G.B.T.-India)	〃
Giga-Byte Technology Trading GmbH (G.B.T.-GmbH)	〃
Nippon Giga-Byte Corp. (G.B.T.-Japan)	〃
Gigabyte Information Technology Commerce Limited Company (G.B.T.-Turkey)	〃
Gigabyte Technology LLC (G.B.T.-Korea)	〃
G-Style Co., Ltd. (G-Style)	〃
Giga-Byte Communication Inc. (Giga-Byte Communication)	〃
BYTE International Co., Ltd. (BYTE International)	〃
Giga Investment Co. (Giga Investment)	〃
G.B.T., Inc. (G.B.T-USA)	〃
Giga Advance (Labuan) Limited (Giga Advance)	The Company's Indirect subsidiary
G.B.T. LBN Inc. (G.B.T.-LBN)	〃
Gigabyte Trading Inc. (GTA)	〃
Senyun Precise Optical Co., Ltd. (Senyun Precise)	〃
Selita Precision Co., Ltd. (Selita Precision)	〃
GIGAIPC CO., LTD. (GIGAIPC)	〃
Ningbo Giga-Byte International Trade Co., Ltd. (Ningbo Giga-Byte International Trade)	〃
Ningbo BestYield Tech. Services Co.,Ltd. (Ningbo BestYield)	〃

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31, 2018	Years ended December 31, 2017
Sales of goods:		
Giga Advance	$ 11,769,568	$ 11,931,008
G.B.T.-USA	9,271,853	9,166,647
Subsidiaries	1,566,489	1,478,373
Indirect subsidiaries	126,384	69,503
	$ 22,734,294	$ 22,645,531

The sales prices to related parties were based on the agreed contracts. Credit terms to related parties were within 14~90 days after receipt of goods. Credit terms to third parties were up to 60 days after receipt of goods.

B. Purchases

	Years ended December 31, 2018	Years ended December 31, 2017
Purchases of goods：		
Subsidiaries	$ 9,522	$ 20,173
Indirect subsidiaries	467,095	418,091
	$ 476,617	$ 438,264

All purchases from related parties are based on negotiated terms because the related products are unique and cannot be purchased from third parties. The payment terms for related parties are not significantly different from those with third parties. The payment terms for third parties is 30 days after receipt of goods or 60~90 days after monthly billing.

C. Processing expense

	Years ended December 31, 2018	Years ended December 31, 2017
Purchases of services		
G.B.T.-LBN	$ 1,901,133	$ 1,679,181

The payments to G.B.T.-LBN were for the subcontracts to Dongguan Gigabyte and Ningbo Giga-Byte which were arranged through G.B.T.-LBN.

D. Warranty expense

	Years ended December 31, 2018	Years ended December 31, 2017
Purchases of services:		
Giga Advance	$ 214,700	$ -
G.B.T.-NL	49,117	76,326
G.B.T.-India	30,712	30,718
Subsidiaries	37,671	8,938
Indirect subsidiaries	10,322	7,577
	$ 342,522	$ 123,559

Warranty expense is the expenditure arising from the after-sales maintainance service provided by the related party, which is designated by the Company, in the area where the related party is. The price is calculated based on the actual incurred cost, and the payment terms is 30 days after monthly billing.

E. Service commission (accounted for as "sales expense")

	Years ended December 31, 2018	2017
Purchases of services:		
G.B.T.-NL	$ 105,761	$ 104,631
G.B.T.-AU	52,128	53,819
Subsidiaries	76,527	75,357
Indirect subsidiaries	5,847	-
	$ 240,263	$ 233,807

Service commission is the expenditure arising from the business development rendered by the related party, which is designated by the Company, in the area where the related party is located. The price is calculated based on the actual incurred cost, and the payment term is 30 days after monthly billing.

F. Professional service fees (accounted for as "sales expense")

	Years ended December 31, 2018	2017
Purchases of services:		
G.B.T.-NL	$ 114,877	$ 101,993
Subsidiaries	255	21,463
Indirect subsidiaries	6,159	8,762
	$ 121,291	$ 132,218

Professional service fee is the service expenditure arising from the staff who provided business development and after-sales maintanance services in the area where the related party is located. The price is calculated based on the actual incurred cost, and the payment term is 30 days after monthly billing.

G. Accounts receivable

	December 31, 2018	December 31, 2017
Receivables from related parties:		
G.B.T.-USA	$ 1,843,922	$ 1,506,156
Subsidiaries	448,363	454,343
Indirect subsidiaries	192,942	377,795
	$ 2,485,227	$ 2,338,274

H. Accounts payable

	December 31, 2018	December 31, 2017
Payables to related parties:		
Subsidiaries	$ 2,509	$ 11,497
Indirect subsidiaries	1,392,922	933,447
	$ 1,395,431	$ 944,944

I. Unearned receipts (Shown as "Other current liabilities")

	December 31, 2018	December 31, 2017
Advance receipts-related parties:		
Subsidiaries	$ -	$ 2,056

J. Property transactions

Acquisition of financial assets:

	Accounts	No. of shares	Objects	Year ended December 31, 2018 Consideration
Giga Investment	Investments accounted for using equity method	60,000,000	Stock	$ 600,000
BYTE International	〃	2,374,437	〃	23,744
G.B.T.-GmbH	〃	-	〃	248,345
				$ 872,089

	Accounts	No. of shares	Objects	Year ended December 31, 2017 Consideration
Giga Investment	Investments accounted for using equity method	20,000,000	Stock	$ 200,000
BYTE International	〃	8,500,000	〃	85,000
G.B.T.-AU	〃	2,000,000	〃	46,317
Giga-Byte Communication	〃	1,800,049	〃	18,000
				$ 349,317

(3) Key management compensation

	Years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 448,488	$ 383,817

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2018	December 31, 2017	Purpose
Pledged asset (accounted for as "Other current assets")			
- Demand deposits	$ 24,094	$ -	Project grants and collateral loan
Pledged asset (accounted for as "Other non-current assets")			
- Time deposits	$ 60,978	$ 40,897	Guarantee for the customs duties

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue employee stock option or buyback and retire treasury stock.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or Loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 441,694	$ -
Financial assets at fair value through profit or loss	-	421,007
Financial assets at amortised cost/loans and receivables		
Cash and cash equivalents	4,442,162	11,036,514
Time deposits	161,192	-
Notes receivable	4,057	5,352
Accounts receivable (including related parties)	5,592,571	6,287,878
Other receivables	82,130	111,706
Guarantee deposits paid	26,694	27,166
	$ 10,750,500	$ 17,889,623
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	9,736	18,628
Accounts payable (including related parties)	6,429,149	9,238,633
Other payables	3,446,339	3,336,517
Guarantee deposits received	2,235	3,796
	$ 9,887,459	$ 12,597,574

B. Risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a treasury department (Company Treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required the hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 276,657	30.733	$ 8,502,500
RMB:NTD	70,433	4.476	315,258
Non-monetary items			
USD:NTD	$ 837	30.733	$ 25,724
Investments accounted for using equity method			
USD:NTD	$ 201,917	30.733	$ 6,205,515
Financial liabilities			
Monetary items			
USD:NTD	$ 130,000	30.733	$ 3,995,290
RMB:NTD	492,495	4.476	2,204,408

	December 31, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 328,880	29.848	$ 9,816,410
RMB:NTD	75,909	4.578	347,511
Non-monetary items			
USD:NTD	$ 3,519	29.848	$ 105,035
Investments accounted for using equity method			
USD:NTD	$ 192,343	29.848	$ 5,741,054
Financial liabilities			
Monetary items			
USD:NTD	$ 243,874	29.848	$ 7,279,151
RMB:NTD	350,203	4.578	1,603,229

iv. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017, amounted to $151,493 and ($145,277), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 85,025	$ -
RMB:NTD	1%	3,153	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 39,953	$ -
RMB:NTD	1%	22,044	-

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 98,164	$ -
RMB:NTD	1%	3,475	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 72,792	$ -
RMB:NTD	1%	16,032	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investment in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company invests in beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1 % with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017 would have increased/decreased by $3,078 and $2,885, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

i. The domestic bond funds and fixed interest rate bond invested by the Company was held mainly for trading purposes, and the cash flow of which are affected by the market interest rate.

ii. For fixed interest rate bond investments held by the Company classified as financial assets mandatorily measured at fair value through profit or loss, changes in market interest rates would affect their fair values. At December 31, 2018 and 2017, if market interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017 would have been $1,339 and $1,325 lower/higher, respectively.

(b) Credit risk

Effective 2018

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments at fair value through profit or loss.

ii. The bond fund held by the Company was issued by well-known foreign banks and securities investment trust companies owned by or affiliated with domestic financial holding companies with good credit standing. Since the Company trades with several securities investment trust companies, credit risk is low.

iii. The Company has lower significant concentrations of credit risk, due to investment in corporate bonds or financial bonds. The maximum loss to the Company is the total amount of all book value.

iv. The Company manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

v. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are not expected to be recovered.

vi. The Company adopts following assumptions under IFRS 9 to assess whether these has been a significiant increase in credit risk on that instrument since intial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

vii. The Company classifies customers' accounts receivable in accordance with credit rating of customer, insurance coverage and characteristics of collateral. The Company applies the simplified approach to estimate expected credit loss under the provision matrix basis.

viii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties.
(ii) The disappearance of an active market for that financial asset because of financial difficulties.
(iii) Default or delinquency in interest or principal repayment.
(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

ix. The Company used the forecastability of macroeconomic growth by the International Monetary Fund to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2018, the provision matrix, is as follows:

	Not past due	Up to 30 days past due	31 to 60 days past due
December 31, 2018			
Expected loss rate	0.11%~1.13%	0.14%~1.38%	0.85%~8.47%
Total book value	$ 2,602,457	$ 504,224	$ 2,542
Loss allowance	$ 6,538	$ 717	$ 22

	61 to 90 days past due	Over 90 days	Total
Expected loss rate	4.52%~45.18%	10%~100%	0.11%~100%
Total book value	$ 6,660	$ 10,471	$ 3,126,354
Loss allowance	$ 1,446	$ 10,287	$ 19,010

x. Movements in relation to the Company applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	2018		
	Notes receivable	Accounts receivable	Total
At January 1_IAS 39	$ -	$ 38,673	$ 38,673
Adjustments under new standards	-	(3,831)	(3,831)
At January 1_IAS 39	-	34,842	$ 34,842
Reversal of impairment loss	-	(13,742)	(13,742)
Write-off	-	(2,090)	(2,090)
At December 31	$ -	$ 19,010	$ 19,010

For provisioned loss in 2018, the reversal of impairment losses arising from customers' contracts amounted to $13,742.

xi. For investments in debt instruments carried at amortised, the credit rating levels are presented below:

	December 31, 2018			
		Lifetime		
Financial assets at amortised cost	12 months	Significant increase in credit risk	Impairment of credit	Total
Group 1	$ 161,192	$ -	$ -	$ 161,192

Group 1: Time deposits with more than three months maturity.

xii. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

i. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

Non-derivative financial liabilities: December 31, 2018	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Notes payable	$ 9,736	$ -	$ -	$ 9,736
Accounts payable	6,429,149	-	-	6,429,149
Other payables	3,446,339	-	-	3,446,339

Non-derivative financial liabilities: December 31, 2017	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Notes payable	$ 18,628	$ -	$ -	$ 18,628
Accounts payable	9,238,633	-	-	9,238,633
Other payables	3,336,517	-	-	3,336,517

iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in beneficiary certificates, corporate bonds and government bond are included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity securities without active market are included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(8).

C. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost (time deposit), notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, notes payable, accounts payable (including related parties), other payables and guarantee deposits received) are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2018 and 2017 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 307,755	$ -	$ -	$ 307,755
Debt securities	133,939	-	-	133,939
Total	$ 441,694	$ -	$ -	$ 441,694

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 288,539	$ -	$ -	$ 288,539
Debt securities	132,468	-	-	132,468
Total	$ 421,007	$ -	$ -	$ 421,007

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund	Government bonds and corporate bonds
Market quoted price	Closing price	Net asset value	Weighted average quoted price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017：

(a) Financial assets at fair value through profit or loss

i. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

ii. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

iii. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(b) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(c) Impairment of financial assets

i. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

ii. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v) The disappearance of an active market for that financial asset because of financial difficulties;

(vi) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(vii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

iii. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The recinciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, IFRS 9, were as follows

						Effects	
	Investments accounted for using equity method	Measured at fair value through profit or loss	Accounts recevible	Deferred tax assets	Total	Retained earnings	Others equity
IAS 39	$ -	$ 421,007	$6,287,878	$ -	$6,708,885	$ -	$ -
Impairment loss adjustment	-	-	3,831	(651)	3,180	3,180	-
Recognized the IFRS9 effects through investments accounted for using equity method	(10,055)	-	-	-	(10,055)	(467,546)	457,491
IFRS 9	($ 10,055)	$ 421,007	$6,291,709	($ 651)	$6,702,010	($ 464,366)	$ 457,491

(a) The Company's provision for accounts receivable which were impaired under IAS 39, is converted to expected credit losses under IFRS 9. In line with the regulation of IFRS 9 on provision for impairment, accounts receivable were increased by $3,831, deferred tax assets were decreased by $651, and retained earnings were increased by $3,180.

(b) The Company's investee accounted for using equity method expects to make certain reclassifications in accordance with IFRS 9. Accordingly, the Company was expected to decrease investments accounted for using equity method and retained earnings by $10,055 and $467,546, and increase other equity interest by $457,491.

C. The significant accounts as of December 31, 2017,and for the year ended December 31, 2017 are as follows:

(a) Financial assets at fair value through profit or loss - Current

		December 31, 2017
Financial assets held for trading		
Open-end funds-Domestic	$	181,100
Open-end funds-Overseas		105,591
Corporate bonds		64,257
Government bonds		79,923
		430,771
Valuation adjustment	(	9,764)
	$	421,007

i. The Company recognized net loss amounting to $14,807 on financial assets held for trading for the year ended December 31, 2017.

ii. The counterparties of the Company's debt instruments have credit quality ratings above "investment grade".

iii. The Company has no financial assets at fair value through profit or loss pledged to others.

(b) Accounts receivable - net

i. The Company's credit quality for accounts receivable is assessed in accordance with the customer's credit rating and the collection period for the calculation basis of impairment loss. The Company has an internal credit valuation policy for its customers and the Company's finance department routinely or randomly revaluates whether the credit ratings are still appropriate and makes adjustments when necessary in order to ascertain the latest condition of the customers. The credit rating for customers is based on the scale of the industry operations, profit-generating conditions, and the credit rating given by financial institutions as references for assessment.

ii. The ageing analysis was based on past due date. The Company did not hold any financial assets that were past due date but not impaired.

iii. Movement analysis of the allowance for bad debts of financial assets that were impaired is as follows:

	2017		
	Individual Provision	Group provision	Total
At January 1	$ -	$ 47,093	$ 47,093
Provision of impairment	-	13,319	13,319
Write-offs during the period	-	(21,739)	(21,739)
At December 31	$ -	$ 38,673	$ 38,673

iv. The Company does not hold any collateral as security.

D. Credit risk information for the year ended December 2017 are as follows:

(a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

(b) The Company has lower significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. The Company had credit insurance coverage for a majority of its customers. Accordingly, credit risk is low. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties

(c) Loan guarantees provided by the Company are in compliance with the Company's "Procedures for Provision of Endorsements and Guarantees" and are only provided to affiliated companies of which the Company owns directly or indirectly more than 50% ownership or a company which trades with the Company. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Company is the total amount of loan guarantees as listed above.

(d) The credit quality information of financial assets that are neither past due nor impaired is provided in the statement for each type of financial asset in Note 12(4).

(e) The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 12(4).

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are as follows:

(a) Sales revenue

i. The Company manufactures and sells computer peripheral and component part products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

ii. The Company offers customers volume discounts. The Company estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised.

B. The revenue recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	Year ended December 31, 2017
Sales revenue	$ 57,213,666

C. The effects and description of current balance sheet items if the Company continues adopting above accounting policies are as follows:

		Year ended December 31, 2018		
Balance sheet items	Description	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Contract liabilities	(a)	$ 277,495	$ -	$ 277,495
Other current liabilities	(b)	-	277,495	(277,495)

(a) In accordance with to IFRS 15, recognition of contract liabilities related to commodity contracts was shown as advance receipts on the balance sheet during the reporting period.

(b) The conversion from the original accounting policy to IFRS 15 had no impact on the consolidated income statement for the current period.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 3

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14. OPERATING SEGMENTS

None.

GIGA-BYTE TECHNOLOGY CO.,LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2018

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2018	Outstanding endorsement/ guarantee amount at December 31, 2018	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided（Note）	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
1	Ningbo Zhongjia Technology Co., Ltd.	Ningbo Giga-Byte Technology Co., Ltd.	Sister companies	$ 181,658	$ 3,750	$ -	$ -	$ -	-	$ 272,487	N	N	Y	

Note 1: The Company’s total endorsements/guarantees shall not exceed 30% of the Company’s net assets based on the latest audited or reviewed financial statements. The Company and its subsidiaries’ total endorsements/guarantees shall not exceed 40% of the Company’s net assets based on the latest audited or reviewed financial statements.

Note 2: The Company’s limit on endorsements/guarantees provided for a single party shall not exceed 20% of the Company’s net assets based on the latest audited or reviewed financial statements and shall not exceed 50% of the single party’s paid-in capital. The Company and its subsidiaries’ limit on endorsements/guarantees provided for a single party shall not exceed 20% of the Company’s net assets based on the latest audited or reviewed financial statements and shall not exceed 30% of the single party’s net assets. Except that the endorsements/guarantees provided for a subsidiary, which 100% directly or indirectly held by the Company, shall not exceed 20% of the Company’s net assets based on the latest audited or reviewed financial statements and shall not exceed 300% of the subsidiary’s paid-in capital.

Note 3: For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements/guarantees to a single party is the total value of business transactions. (the value of business transactions is the higher of purchase amount and sales amount)

GIGA-BYTE TECHNOLOGY CO.,LTD.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Giga-Byte Technology Co., Ltd.	Beneficiary certificates-CTBC Hwa-Win Money Market Fund	None	Financial assets at fair value through profit or loss-current	4,572,748	$ 50,000	-	$ 50,319	
	Manulife Asia Pacific Bond Fund	〃	〃	4,313,752	50,000	-	50,550	
	Prudential Fiancial Money Market Fund	〃	〃	5,099,428	80,000	-	80,539	
	JIN SUN Fiancial Money Market Fund	〃	〃	6,800,935	100,000	-	100,610	
	Beneficiary certificates－Morgan Stanley Opportunistic Mortgage Income Fund LP	〃	〃	-	14,818	-	13,271	
	Beneficiary certificates－JPM USD LIQUIDITY LVNAV	〃	〃	-	12,500	-	12,466	
	Corporate bonds －WELLS FARGO & CO 2.1%	〃	〃	-	64,257	-	59,500	
	Government bond－ US TREASURY NOTE 2.0%	〃	〃	-	63,625	-	59,286	
	Indonesia Government International Bond 4.125%	〃	〃	-	16,298	-	15,153	
					451,498		$ 441,694	
			Valuation adjustment of financial assets at fair value through profit or loss		(9,804)			
					$ 441,694			
Giga Future Limited	Corporate bonds-MS APPLE INC. 2.15%	None	Financial assets at fair value through profit or loss-current	5,000	USD 500 thousand	-	USD 488 thousand	
	AIA GROUP LTD 3.2%	〃	〃	5,000	USD 502 thousand	-	USD 481 thousand	
	Government bond-US TREASURY NOTE 2.0% 15 AUG 2025	〃	〃	7,800	USD 796 thousand	-	USD 752 thousand	
	Beneficiary certificate－JPM USD LIQUIDITY LANAV C (ACC)	〃	〃	8.998	USD 90 thousand	-	USD 90 thousand	
					USD 1,888 thousand		USD 1,811 thousand	
			Valuation adjustment of financial assets at fair value through profit or loss		(USD 77 thousand)			
					USD 1,811 thousand			
Giga-Trend International Investment Group Ltd.	Listed stocks - TOP BRIGHT HOLDING CO., LTD. etc	None	Financial assets at fair value through profit or loss-current	Omitted	$ 165,138	-	$ 169,802	
			Valuation adjustment of financial assets at fair value through profit or loss		4,664			
					$ 169,802			
	Emerging stocks - SINTRONES TECHNOLOGY CORP. etc	〃	Financial assets at fair value through profit or loss-current	Omitted	$ 53,478	-	$ 80,296	
			Valuation adjustment of financial assets at fair value through profit or loss		26,818			
					$ 80,296			
Giga-Trend International Investment Group Ltd.	Unlisted stocks - Castec International Corp etc.	None	Financial assets at fair value through profit or loss-current	Omitted	$ 154,273	-	$ 81,086	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018 Number of shares	Book value	Ownership (%)	Fair value	Footnote
			Valuation adjustment of financial assets at fair value through profit or loss		(73,187)			
					$ 81,086			
Freedom International Group Ltd.	Corporate bond-PRUDENTIAL FINANCIAL INC VRN	None	Financial assets at fair value through profit or loss-current	3,000	USD 303 thousand	-	USD 283 thousand	
	Government bond-INDONESIA GOVERNMENT INTL BOND4.125% 15 JAN 2025	〃	〃	6,800	USD 690 thousand	-	USD 670 thousand	
	Beneficiary certificate-JPM USD LIQUIDITY LANAV C (ACC)	〃	〃	108.475	USD 1,086 thousand		USD 1,087 thousand	
					USD 2,079 thousand		USD 2,040 thousand	
			Valuation adjustment of financial assets at fair value through profit or loss		(USD 39 thousand)			
					USD 2,040 thousand			
Giga Investment Co.	Listed stocks - Walsin Technology Corporation etc.	None	Financial assets at fair value through other comprehensive income－Non current	Omitted	$ 888,387	1.37%~ 9.44%	$ 1,684,761	
			Valuation adjustment of financial assets at fair value through other comprehensive income		796,374			
					$ 1,684,761			
	Unlisted stocks - Hui Yang Venture Capital Co., Ltd. etc.	〃	Financial assets at fair value through other comprehensive income－Non current	Omitted	$ 24,364	0.11%~ 16.25%	$ 27,490	
			Valuation adjustment of financial assets at fair value through other comprehensive income		3,126			
					$ 27,490			
G-Style Co., Ltd.	Unlisted stocks - JM Material Technology Inc.	None	Financial assets at fair value through other comprehensive income－Non current	160,000	$ 20,000	10.00%	$ 2,093	
			Valuation adjustment of financial assets at fair value through other comprehensive income		(17,907)			
					$ 2,093			

GIGA-BYTE TECHNOLOGY CO.,LTD.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2018		Additions		Disposals				Other additions (reductions)		Balance as at December 31, 2018	
Investior	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Selling price	Book value	Gain (loss) on disposal	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount
Giga Investment Co.	Stock-SHUN ON ELECTRONIC CO., LIMITED	Financial assets at fair value through other comprehensive income－Non current	SHUN ON ELECTRONIC CO., LIMITED	-	-	-	13,953	$ 599,979	-	$ -	$ -	$ -	-	($ 121,391)	13,953	$ 478,588

GIGA-BYTE TECHNOLOGY CO.,LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2018

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Giga-Byte Technology Co., Ltd.	Giga Advance (Labuan) Limited	Parent-subsidiary company	(Sales)	$ 11,783,291	(20%)	90 days upon receipt of goods	The price was based on the contract price	Normal	$ 182,341	3%	
	G.B.T. Inc.	〃	〃	9,706,890	(17%)	〃	〃	〃	1,843,922	33%	
	G-Style Co., Ltd.	〃	〃	1,094,100	(2%)	90 days after billing	〃	〃	432,920	8%	
	Giga-Byte Technology B.V.	〃	〃	484,991	(1%)	60 days after billing	〃	〃	15,443	0%	
	G.B.T. LBN Inc.	〃	Processing cost	1,901,133	74%	30 days after billing	〃	〃	(1,265,399)	20%	
	〃	〃	Purchases	467,095	1%	30 days after billing	〃	〃	(97,746)	2%	
G.B.T. LBN Inc.	Giga-Byte Technology Co., Ltd.	Parent-subsidiary company	(Sales)	USD 78,689 thousand	(100%)	30 days after billing	〃	〃	USD 43,999 thousand	100%	
	Ningbo Gigabyte Technology Co., Ltd.	Sister companies	Purchases	USD 29,849 thousand	47%	45 days after billing	The price was based on the contract price	Normal	(USD 33,702 thousand)	53%	
	Dongguan Gigabyte Electronics Co., Ltd.	〃	Purchases	USD 33,139 thousand	53%	〃	〃	〃	(USD 30,119 thousand)	47%	
Giga Advance (Labuan) Limited	Giga-Byte Technology Co., Ltd.	Parent-subsidiary company	Purchases	USD 427,057 thousand	99%	90 days upon receipt of goods	The price was based on the contract price	Normal	(USD 5,933 thousand)	92%	
	G-Style Co., Ltd.	Sister companies	Purchases	USD 6,372 thousand	1%	90 days upon receipt of goods	The price was based on the contract price	Normal	USD 490 thousand	8%	
	Ningbo BestYield Tech. Services Co.,Ltd.	〃	Purchases	USD 6,252 thousand	1%	30 days after billing	〃	〃	USD 2,549 thousand	40%	
	Ningbo Zhongjia Technology Co., Ltd.	〃	(Sales)	USD 432,569 thousand	(100%)	〃	〃	〃	USD 60,365 thousand	100%	
Giga-Byte Technology B.V.	Giga-Byte Technology Co., Ltd.	Parent-subsidiary company	Purchases	USD 15,907 thousand	100%	60 days upon receipt of goods	The price was based on the contract price	Normal	(USD 485 thousand)	25%	
G.B.T. Inc.	Giga-Byte Technology Co., Ltd.	Parent-subsidiary company	Purchases	USD 359,849 thousand	100%	90 days upon receipt of goods	The price was based on the contract price	Normal	(USD 102,014 thousand)	99%	
	G-Style Co., Ltd.	Sister companies	Purchases	USD 6,103 thousand	2%	45 days upon receipt of goods	〃	〃	(USD 707 thousand)	1%	
G-Style Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-subsidiary company	Purchases	1,094,100	66%	90 days upon receipt of goods	The price was based on the contract price	Normal	(432,937)	95%	
	Giga Advance (Labuan) Limited	Sister companies	(Sales)	191,786	9%	90 days upon receipt of goods	The price was based on the contract price	Normal	14,855	8%	
	G.B.T. Inc.	Sister companies	(Sales)	183,671	9%	45 days upon receipt of goods	〃	〃	21,713	12%	
Ningbo Zhongjia Technology Co., Ltd.	Giga Advance (Labuan) Limited	Sister companies	Purchases	RMB 2,855,821 thousand	100%	90 days upon receipt of goods	The price was based on the contract price	Normal	(RMB 414,529 thousand)	100%	
Ningbo Gigabyte Technology Co., Ltd.	G.B.T. LBN Inc.	Sister companies	(Sales)	RMB 197,060 thousand	(96%)	45 days after billing	The price was based on the contract price	Normal	RMB 231,430 thousand	100%	
Dongguan Gigabyte Electronics Co., Ltd.	G.B.T. LBN Inc.	Sister companies	(Sales)	RMB 218,783 thousand	(100%)	45 days after billing	The price was based on the contract price	Normal	RMB 206,825 thousand	100%	
Ningbo BestYield Tech. Services Co.,Ltd.	Giga Advance (Labuan) Limited	Sister companies	(Sales)	RMB 41,274 thousand	49%	30 days after billing	The price was based on the contract price	Normal	RMB 17,501 thousand	86%	

Note: The balance is not adjusted in accordance with the rules prescribed in the Tai-Tsai-Tseng (Chi) Letter No. 01644 issued by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.

GIGA-BYTE TECHNOLOGY CO.,LTD.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date		Allowance for doubtful accounts
						Amount	Action taken			
Giga-Byte Technology Co., Ltd.	Giga Advance (Labuan) Limited	Parent-subsidiary	$	182,341	42.91	$ -	-	$	970,156	$ -
	G.B.T. Inc.	〃		1,843,922	5.54	-	-		1,815,618	-
	G-Style Co., Ltd.	〃		432,920	2.47	-	-		192,511	-
G.B.T. LBN Inc.	Giga-Byte Technology Co., Ltd.	Parent-subsidiary company	USD	43,999 thousand	2.10	-	-	USD	43,397 thousand	-
Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	Sister companies	USD	60,365 thousand	8.95	-	-	USD	60,365 thousand	-
Ningbo Gigabyte Technology Co., Ltd.	G.B.T. LBN Inc.	Sister companies	RMB	231,430 thousand	1.21	-	-	RMB	65,725 thousand	-
Dongguan Gigabyte Electronics Co., Ltd.	G.B.T. LBN Inc.	Sister companies	RMB	206,825 thousand	1.43	-	-	RMB	67,623 thousand	-

Note: The balance is not adjusted in accordance with the rules prescribed in the Tai-Tsai-Tseng (Chi) Letter No. 01644 issued by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.

GIGA-BYTE TECHNOLOGY CO.,LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Company name	Counterparty	Relationship	Transaction			
			General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to subsidiary	Sales	$ 484,991	Note 5	1%
	G.B.T. Inc.	〃	〃	9,706,890	Note 1	16%
	Giga Advance (Labuan) Limited	Parent company to indirect subsidiary	〃	11,783,291	〃	19%
	G-Style Co., Ltd.	Parent company to subsidiary	〃	1,094,100	〃	2%
	G.B.T. LBN Inc.	Parent company to indirect subsidiary	〃	80,489	Note 3	-
	〃	〃	Processing cost	1,901,133	〃	3%
	Giga-Byte Technology B.V.	Parent company to subsidiary	Service expense	105,761	Note 5	-
	〃	〃	Service charge	114,877	〃	-
	G.B.T. LBN Inc.	Parent company to indirect subsidiary	Purchases	467,095	Note 3	1%
	〃	〃	Accounts payable	1,363,145	〃	4%
	G.B.T. Inc.	Parent company to subsidiary	Accounts receivable	1,843,922	Note 1	5%
	Giga Advance (Labuan) Limited	Parent company to indirect subsidiary	〃	182,341	〃	1%
	G-Style Co., Ltd.	Parent company to subsidiary	〃	432,920	〃	1%
	Giga Advance (Labuan) Limited	Parent company to indirect subsidiary	Warranty cost	214,700	Note 1	-
	〃	〃	Expense payable	47,375	〃	-
G.B.T. LBN Inc.	Ningbo Gigabyte Technology Co., Ltd.	Indirect subsidiary to indirect subsidiary	Processing cost	903,321	Note 2	1%
	Dongguan Gigabyte Electronics Co.,Ltd.	〃	〃	997,812	〃	2%
	Ningbo Gigabyte Technology Co., Ltd.	〃	Accounts payable	689,140	〃	2%
	Dongguan Gigabyte Electronics Co.,Ltd.	〃	〃	663,009	〃	2%
Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	〃	Sales	13,018,600	Note 1	21%
	〃	〃	Accounts receivable	1,855,207	〃	5%
	Ningbo BestYield Tech. Services Co., Ltd.	〃	Warranty cost	188,150	Note 2	-
Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH,etc	Subsidiary to subsidiary	Service expense	110,120	Note 4	-
	〃	〃	Accounts payable	39,644	Note 5	-

Note 1 : Credit terms were 90 days upon receipt of goods.
Note 2 : Credit terms were 45 days after billing.
Note 3 : Credit terms were 30 days after billing.
Note 4 : Credit terms were 180 days upon receipt of goods.
Note 5 : Credit terms were 60 days upon receipt of goods.

GIGA-BYTE TECHNOLOGY CO.,LTD.

Information on investees

Year ended December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	$ 4,617,682	$ 4,617,682	142,671,692	100.00	$ 5,971,052	$ 617,059	$ 617,059	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga Investment Co.	Taiwan	Holding company	2,575,000	1,975,000	273,756,500	100.00	2,983,967	(229,939)	(229,939)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	Taiwan	Manufacturing and selling of notebooks	910,000	910,000	72,000,000	100.00	341,953	4,705	4,705	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Communication Inc.	Taiwan	Manufacturing and selling of communications	1,647,508	1,647,508	2,145,880	99.86	35,194	35,677	35,677	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	BYTE International Co., Ltd.	Taiwan	Selling of PC peripherals	303,709	279,965	3,000,000	100.00	57,211	12,182	12,182	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Netherlands	Sales of computer information products	25,984	25,984	8,500	100.00	148,731	13,516	13,516	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	GBT Tech. Co. Ltd	U.K.	Marketing of computer information products	47,488	47,488	800,000	100.00	11,405	1,207	1,207	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Nippon Giga-Byte Corp.	Japan	Marketing of computer information products	3,495	3,495	1,000	100.00	9,354	627	627	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Marketing of computer information products	272,959	24,614	-	100.00	307,710	3,880	3,880	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology Pty. Ltd.	AUS	Marketing of computer information products	55,664	55,664	2,400,000	100.00	54,394	(2,561)	(2,561)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology (India) Private Limited	India	Marketing and maintenance of computer information products	182,868	182,868	4,600,000	100.00	12,807	2,475	2,475	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Global Business Corporation	U.S.A.	ODM Business	322	322	1,000	100.00	308	-	-	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
Giga-Byte Technology Co., Ltd.	Gigabyte Technology ESPANA S.L.U.	Spain	Marketing of computer information products	241	241	5,000	100.00	4,241	317	317	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	90,660	90,660	54,116	48.63	79,195	(68,952)	(33,531)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Information Technology Commerce Limited Company	Turkey	Marketing of computer information products	3,541	3,541	8,000	100.00	2,507	200	200	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology LLC	South Korea	Marketing of computer information products	22,534	22,534	168,000	100.00	36,119	72	72	The Company's subsidiary
Giga-Byte Technology B.V.	Gigabyte Technology France	France	Marketing of computer information products	-	6,200	-	100.00	-	(7)	-	The Company's indirect subsidiary
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Poland	Marketing and maintenance of computer information products	500	500	100	100.00	1,767	(201)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Charleston Investments Limited	Cayman Islands	Holding company	1,844,922	1,844,922	57,032,142	100.00	2,805,140	308,353	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. LBN Inc.	Malaysia	Sales of computer information products	-	-	-	100.00	(209,404)	147,018	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	109,459	109,459	57,169	51.37	83,657	(68,952)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Gigabyte Trading Inc.	U.S.A.	ODM Business	1,623	1,623	50,000	100.00	1,642	(92)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Giga Future Limited	British Virgin Islands	Holding company	2,689,068	2,689,068	82,819,550	100.00	3,061,420	228,260	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Giga Advance (Labuan)Limited	Malaysia	Sales of computer information products	5,648	5,648	10,000	100.00	11,624	(2,458)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	LCKT Yuan Chan Technology Co., Ltd.(Cayman)	Cayman Islands	Holding company	92,775	92,775	3,000,000	30.00	48,519	(87,275)	-	Subsidiary's investee company accounted for under the equity method
Freedom International Group Ltd.	Aorus Pte. Ltd.	Singapore	Sales of computer information products	60,757	-	3,073,000	100.00	23,088	(2,664)	-	The Company's indirect subsidiary
Giga Investment Co.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	600,000	600,000	69,590,000	100.00	674,941	(44,422)	-	The Company's indirect subsidiary
Giga Investment Co.	Giga-Trend International Management Group Ltd.	Taiwan	Venture capital management and consulting company	5,483	5,483	600,000	60.00	15,040	4,316	-	The Company's indirect subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
Giga Investment Co.	Senyun Precise Optical Co.,Ltd	Taiwan	Manufacturing and selling of optical lens	786,990	440,323	74,558,963	76.86	236,331	(287,345)	-	The Company's indirect subsidiary
Giga Investment Co.	Gigazone Holdings Limited	British Virgin Islands	Holding company	173,928	173,928	34,500	100.00	5,303	(242)	-	The Company's indirect subsidiary
Giga Investment Co.	Selita Precision Co., Ltd.	Taiwan	Manufacturing, wholesale and retail of bicycle and parts	50,000	50,000	5,000,000	100.00	37,784	(1,318)	-	The Company's indirect subsidiary
Giga Investment Co.	Green Share Co., Ltd.	Taiwan	Wholesale of information software	9,424	9,424	816,000	51.00	4,197	(1,048)	-	The Company's indirect subsidiary
Giga Investment Co.	GIGAIPC Co., Ltd.	Taiwan	Sales of computer information products	200,000	1,000	20,000,000	100.00	177,882	(22,022)	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co.,Ltd.	Cloud Ride Limited	British Virgin Islands	Selling of communications	-	100,577	-	-	-	(552)	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co.,Ltd.	OGS Europe B.V.	Netherlands	Selling of communications	12,443	12,443	3,000	100.00	10,681	(13,048)	-	The Company's indirect subsidiary

GIGA-BYTE TECHNOLOGY CO.,LTD.

Information on investments in Mainland China

Year ended December 31, 2018

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee as of December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	$ 1,180,938	Note 1	$ 1,180,938	$ -	-	$ 1,180,938	$ 163,252	100	$ 163,252	$ 1,591,843	-	The Company's indirect subsidiary
Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	259,752	Note 1	259,752	-	-	259,752	143,177	100	143,177	1,049,750	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co.,Ltd.	Maintenance of computer information products	181,923	Note 1	165,515	-	-	165,515	561	100	561	150,724	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,853	Note 3	-	-	-	-	149,104	100	149,104	908,289	-	The Company's indirect subsidiary
Ningbo Gigabyte Technology Co., Ltd.	Manufacturing of computer information products	2,780,313	Note 1	2,780,313	-	-	2,780,313	227,219	100	227,219	2,971,694	-	The Company's indirect subsidiary
Gigazone International (Shenzhen)	Selling of PC peripherals	399,076	Note 3	203,761	-	-	203,761	(463)	100	(463)	10,102	-	The Company's indirect subsidiary
Shenzhen BestYield Tech. Services Co.,Ltd.	Maintenance of computer information products	15,841	Note 3	-	-	-	-	431	100	431	3,984	-	The Company's indirect subsidiary
Dongguan Senyun Precise Optical Co.,Ltd	Selling of mold and industrial plastic products	1,609	Note 2	1,609	-	-	1,609	(768)	100	(868)	550	-	The Company's indirect subsidiary

Note 1: Invested by Charleston Investments Limited and Giga Future Limited., which are subsidiaries of Freedom International Group Ltd.
Note 2: Directly invest in a company in Mainland China.
Note 3: Others.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Giga-Byte Technology Co., Ltd.	$ 4,386,518	$ 4,402,053	$ 14,501,199
Giga Investment Co.	203,761	203,761	17,790,380
Senyun Precise Optical Co., Ltd.	1,609	9,974	184,178

GIGA-BYTE TECHNOLOGY CO.,LTD.

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

Year ended December 31, 2018

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated))

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2018	%	Balance at December 31, 2018	Purpose	Maximum balance during the year ended December 31, 2018	Balance at December 31, 2018	Interest rate	Interest during the year ended December 31, 2018	
Ningbo Gigabyte Technology Co., Ltd.	$ 3,590	-	$ -	-	$ 95	-	$ -	-	$ -	$ -	-	$ -	Processing cost paid at $903,321
Ningbo Zhongjia Technology Co.,	11,783,291	20	-	-	182,044	3	-	-	-	-	-	-	
Dongguan Gigabyte Electronics Co., Ltd.	6,355	-	-	-	1	-	-	-	-	-	-	-	Processing cost paid at $997,812
Ningbo BestYield Tech. Services Co.,Ltd.	70,545	-	-	-	8,062	-	-	-	-	-	-	-	

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Table 1

ONF	Description	Amount	Note
Cash on hand and petty cash		$ 2,269	
Check deposits		500	
Demand deposits		594,425	
－NTD			
－USD	USD 92,871.90 thousand, conversion rate 30.733	2,854,232	
－Other foreign currencies		187,923	
Time deposits	Annual percentage rate is 0.22%～1.05%	637,800	
－NTD			
－USD	USD 1,000 thousand, conversion rate 30.733 annual percentage rate is 2.40%	30,733	
－RMB	RMB30,000 thousand, conversion rate 4.476 annual percentage rate is 2.14%	134,280	
		$ 4,442,162	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Table 2

Customer	Amount	Note
Non-related parties		
NEC Deutschland GmbH	$ 254,060	
JC Hyun Systems, Inc.	221,744	
LLC"NEW IT PROJECT"	161,039	
Others	2,489,511	None of the balances of each remaining item is greater than 5% of this account balance.
	3,126,354	
Less: Allowance for bad uncollectible accounts	(19,010)	
	$ 3,107,344	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Table 3

Item	Amount: Cost	Amount: Net realisable value	Note
Raw materials	$ 3,891,733	$ 3,793,827	
Work in progress	998,515	997,093	
Finished goods and merchandise	7,320,383	7,690,459	
	12,210,631	$ 12,481,379	
Less: Allowance for valuation loss on inventories	(527,921)		
	$ 11,682,710		

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Table 4

	Balance at January 1, 2018		Additions (Note 1)		Deductions (Note 2)		Other adjustments (Note 3)	Balance at December 31, 2018			Market value or net equity value			
Investee	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	Ownership (%)	Amount	Unit	Total	Collateral	Note
G.B.T. Technology Trading GmbH	-	$ 58,052	-	$ 252,225	-	$ -	($ 2,567)	-	100%	$ 307,710	$ -	$ 307,710	None	
G.B.T. Inc.	54,116	112,618	-	-	-	(33,531)	108	54,116	48.63%	79,195	1,463	79,195	〃	
GBT Tech. Co. Ltd	800,000	10,582	-	1,207	-	-	(384)	800,000	100%	11,405	14	11,405	〃	
Giga-Byte Technology B.V.	8,500	126,800	-	13,516	-	-	8,415	8,500	100%	148,731	17,498	148,731	〃	
Gigabyte Technology Pty. Ltd.	2,400,000	61,056	-	-	-	(2,561)	(4,101)	2,400,000	100%	54,394	23	54,394	〃	
Gigabyte Technology (India) Private Limited	4,600,000	13,326	-	2,475	-	-	(2,994)	4,600,000	100%	12,807	11	12,807	〃	
Freedom International Group Ltd.	142,671,692	5,495,121	-	617,059	-	-	(141,128)	142,671,692	100%	5,971,052	42	5,971,052	〃	
Nippon Giga-Byte Corp.	1,000	8,307	-	627	-	-	420	1,000	100%	9,354	9,354	9,354	〃	
Gigabyte Technology ESPANA S.L.U.	5,000	3,979	-	317	-	-	(55)	5,000	100%	4,241	848	4,241	〃	
Gigabyte Global Business Corporation	1,000	299	-	-	-	-	9	1,000	100%	308	308	308	〃	
Gigabyte Information Technology Commerce Limited Company	8,000	3,419	-	200	-	-	(832)	8,000	100%	2,507	313	2,507	〃	
G-Style Co., Ltd.	72,000,000	348,552	-	4,705	-	-	(11,304)	72,000,000	100%	341,953	5	341,953	〃	
Giga-Byte Communication Inc.	2,145,880	(483)	-	35,677	-	-	-	2,145,880	99.86%	35,194	16	35,194	〃	
BYTE International Co., Ltd.(Note 4)	625,563	21,285	2,374,437	35,926	-	-	-	3,000,000	100%	57,211	19	57,211	〃	
Giga Investment Co.	197,500,000	2,510,439	76,256,500	600,000	-	(229,939)	103,467	273,756,500	100%	2,983,967	11	2,983,967	〃	
Gigabyte Technology LLC	168,000	36,047	-	72	-	-	-	168,000	100%	36,119	215	36,119	〃	
		8,809,129		1,564,006		(266,031)	(50,956)			10,056,148				
Add: reclassified to 'other non-current liabilities'		483		-		(483)	-			-				
		$ 8,809,612		$ 1,564,006		($ 266,514)	($ 50,956)			$ 10,056,148				

Note 1: Current additions include recognition of investment income of $691,917 and additional investment of $872,089.

Note 2: Current deductions include recognition of investment loss of ($266,031).

Note 3: Other adjustments include exchange differences on translation of foreign operations amounting to ($129,556), unrealised gain (loss) on financial assets at fair value through other comprehensive income of $127,094, and recognition of changes in net equity of associates accounted for using equity method of ($39,153) and other ($9,341).

Note 4: The company was formerly named 'Giga-Zone International Co., Ltd.' and changed its name to 'BYTE International Co., Ltd.' on April 11, 2018.

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Table 5

Item	Balance as of January 1, 2018	Additions	Deductions	Transferred	Balance as of December 31, 2018	Guaranteed or pledged as collaterals
Cost						
Land	$ 919,009	$ -	$ -	$ 116,003	$ 1,035,012	None
Buildings and structures	1,561,224	30,798	(30,138)	82,098	1,643,982	〃
Machinery and equipment	1,099,817	43,532	(113,701)	1,742	1,031,390	〃
Transportation equipment	1,485	-	-	-	1,485	〃
Other facilities	638,002	137,320	(21,244)	6,703	760,781	〃
Unfinished construction and prepayments for business facilities	13,241	70,390	-	(11,891)	71,740	〃
	4,232,778	$ 282,040	($ 165,083)	$ 194,655	4,544,390	
Accumulated depreciation						
Buildings and structures	(583,504)	($ 41,231)	$ 30,138	($ 17,955)	(612,552)	
Machinery and equipment	(909,668)	(57,463)	113,466	-	(853,665)	
Transportation equipment	(1,485)	-	-	-	(1,485)	
Other facilities	(577,203)	(58,482)	21,209	-	(614,476)	
	(2,071,860)	($ 157,176)	$ 164,813	($ 17,955)	(2,082,178)	
	$ 2,160,918				$ 2,462,212	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
SUMMARY OF ACCOUNTS PAYABLE- NON-RELATED PARTIES
DECEMBER 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Table 6

Name of suppliers	Amount	Note
Third parties		
NVIDIA Singapore Pte. Ltd.	$ 567,665	
WT Microelectronics Co., Ltd.	286,889	
Others	4,179,164	None of the balances of any supplier is greater than 5% of this account balance.
	$ 5,033,718	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SALES REVENUE
YEAR ENDED DECEMBER 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Table 7

Item	Quantity	Amount	Note
Peripheral card	3,660	$ 28,579,901	
Mainboard	11,512	21,074,465	
Computer server	352	7,328,795	
Others		2,263,215	None of the balances of any remaining item is greater than 5% of this account balance.
		59,246,376	
Less: sales returns and discounts		(1,216,450)	
		$ 57,984,926	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Table 8

Item	Amount
Opening balance of merchandise	$ 64,426
Add: Purchases during the year	902,336
Less: Ending balance of merchandises	(140,578)
Cost transfer caused by use of merchandise	(15,012)
Cost of purchasing and selling	811,172
Raw materials at beginning of period	3,110,692
Add: Purchases in the period	49,486,429
Less: Raw materials at end of period	(3,891,733)
Raw materials reclassified as expenses	(910,785)
Loss on physical inventory for raw materials	(343,398)
Direct raw materials used	47,451,205
Direct labour	243,922
Manufacturing expense	3,004,008
Manufacturing cost	50,669,135
Add: Opening balance of work in process	945,233
Less: Ending balance of work in process	(998,515)
Work in progress reclassified for sale	(113,586)
Work in progress reclassified as expenses	(13,831)
Cost of finished goods	50,518,436
Add: Opening balance of finished goods	4,413,439
Less: Ending balance of finished goods	(7,719,805)
Finished goods reclassified as expenses	(185,590)
Cost of goods manufactured and sold	47,566,500
Cost of raw materials sold	910,785
Cost of work in process sold	113,586
Cost of goods sold	49,402,043
Warranty cost of after-sale service	557,134
Inventory valuation loss	375,197
Operating costs	$ 50,334,374

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SELLING EXPENSE
YEAR ENDED DECEMBER 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Table 9

Item	Description	Amount	Note
Wages and salaries		$ 1,111,046	
Service handling fee		320,082	
Export expense		435,724	
Service charge		187,912	
Advertisement expense		183,787	
Other expenses		771,938	None of the balances of any remaining item is greater than 5% of this account balance.
		$ 3,010,534	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
LABOUR, DEPRECIATION AND AMORTISATION BY FUNCTION
YEARS ENDED DECEMBER 31, 2018 AND 2017

Table 10

By function	Years ended December 31,					
	2018			2017		
By nature	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	$ 563,971	$ 2,454,474	$ 3,018,391	$ 568,241	$ 2,708,960	$ 3,277,201
Labour and health insurance fees	60,679	123,156	183,835	63,111	116,815	179,926
Pension costs	18,508	69,949	88,457	16,006	74,252	90,258
Directors’ remuneration	-	52,646	52,646	-	52,425	52,425
Other employee benefit expense	25,118	78,169	103,287	24,662	74,379	99,041
Depreciation	71,021	86,155	157,176	68,544	66,284	134,828
Amortisation	14,145	121,371	135,516	13,518	141,444	154,962

Note: As of December 31, 2018 and 2017, the Company had 2,625 and 2,587 employees, respectively, both including 4 independent directors.