GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018

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, 2019 AND 2018

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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, 2019 and 2018, 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 auditors, 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, 2019 and 2018, 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, 2019, the parent company only operating revenue amounted to NT$62,383,990 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, 2019, the inventories and allowance for valuation loss amounted to NT$9,073,619 thousand and NT$242,765 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 auditors

We did not audit the financial statements of certain investee companies. Those financial statements were audited by other auditors, 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 auditors. The aforementioned equity investments were $21,193 thousand and $48,519 thousand, representing 0.05% and 0.14% of total parent company only assets as of December 31, 2019 and 2018, respectively, and total net comprehensive loss were $27,326 thousand and $28,382 thousand, representing (1.27%) and (1.10%) 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.

Se-Kai Lin　　Fang-Yu Wang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2020

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 auditors 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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 5,197,276	14	$ 4,442,162	12
1110	Financial assets at fair value through profit or loss - current	6(2)	473,217	1	441,694	1
1136	Financial assets at amortised cost-current	6(3)	90,000	-	161,192	1
1150	Notes receivable, net	6(4)	2,995	-	4,057	-
1170	Accounts receivable, net	6(4)	3,628,543	9	3,107,344	9
1180	Accounts receivable-related parties, net	7	5,938,535	16	2,485,227	7
1200	Other receivables		84,063	-	82,130	-
1220	Current income tax assets		41,713	-	-	-
130X	Inventories, net	6(5)	8,830,854	23	11,682,710	33
1410	Prepayments		293,084	1	311,382	1
1470	Other current assets	8	912	-	28,666	-
11XX	**Total current assets**		24,581,192	64	22,746,564	64
	Non-current assets					
1535	Financial assets at amortised cost-non-current	6(3) and 8	158,040	-	-	-
1550	Investments accounted for using equity method	6(6) and 7	10,543,543	28	10,056,148	28
1600	Property, plant and equipment, net	6(7)	2,519,945	7	2,462,212	7
1755	Right-of-use assets	6(8)	61,817	-	-	-
1780	Intangible assets		22,861	-	41,766	-
1840	Deferred income tax assets	6(22)	371,164	1	360,291	1
1900	Other non-current assets	8	144,592	-	126,719	-
15XX	**Total non-current assets**		13,821,962	36	13,047,136	36
1XXX	**Total assets**		$ 38,403,154	100	$ 35,793,700	100

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Liabilities					
	Current liabilities					
2130	Contract liabilities - current	6(16) and 7	$ 370,694	1	$ 277,495	1
2150	Notes payable		54,092	-	9,736	-
2170	Accounts payable		7,042,552	19	5,033,718	14
2180	Accounts payable-related parties	7	1,982,318	5	1,395,431	4
2200	Other payables	6(10)	3,379,716	9	3,446,339	10
2230	Current income tax liabilities		-	-	366,508	1
2250	Provisions for liabilities - current	6(11)	513,568	1	433,059	1
2280	Lease liabilities-current		43,549	-	-	-
2300	Other current liabilities		125,267	-	202,806	-
21XX	**Total current liabilities**		13,511,756	35	11,165,092	31
	Non-current liabilities					
2570	Lease liabilities-non-current		18,641	-	-	-
2600	Other non-current liabilities	6(12)	574,946	2	545,133	2
25XX	**Total non-current liabilities**		593,587	2	545,133	2
2XXX	**Total liabilities**		14,105,343	37	11,710,225	33
	Equity					
	Capital stock	6(13)				
3110	Common stock		6,356,889	17	6,356,889	18
	Capital surplus	6(14)				
3200	Capital surplus		3,896,889	10	3,924,357	11
	Retained earnings	6(15)				
3310	Legal reserve		4,381,896	11	4,125,245	11
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings		8,618,094	23	8,865,838	25
	Other equity					
3400	Other equity		617,689	1	384,792	1
3XXX	**Total equity**		24,297,811	63	24,083,475	67
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 38,403,154	100	$ 35,793,700	100

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

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	Items	Notes	2019 Amount	2019 %	2018 Amount	2018 %
4000	**Operating revenue**	6(16) and 7	$ 62,383,990	100	$ 57,984,926	100
5000	**Operating costs**	6(5)(20)(21) and 7	(55,174,125)	(89)	(50,334,374)	(87)
5900	**Gross profit**		7,209,865	11	7,650,552	13
	Operating expenses	6(20)(21) and 7				
6100	Selling expenses		(2,790,497)	(4)	(3,010,534)	(5)
6200	General and administrative expenses		(1,180,797)	(2)	(995,010)	(2)
6300	Research and development expenses		(1,844,292)	(3)	(1,902,570)	(3)
6450	Expected credit (losses) gains	6(20)	(3,434)	-	13,742	-
6000	**Total operating expenses**		(5,819,020)	(9)	(5,894,372)	(10)
6900	**Operating profit**		1,390,845	2	1,756,180	3
	Non-operating income and expenses					
7010	Other income	6(17)	506,174	1	568,641	1
7020	Other gains and losses	6(18)	66,286	-	158,478	-
7050	Finance costs	6(8)(19)	(2,189)	-	(278)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	201,350	-	425,886	1
7000	**Total non-operating income and expenses**		771,621	1	1,152,727	2
7900	**Profit before income tax**		2,162,466	3	2,908,907	5
7950	Income tax expense	6(22)	(223,225)	-	(342,395)	(1)
8200	**Profit for the year**		$ 1,939,241	3	$ 2,566,512	4
	Other comprehensive income (loss), net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(12)	($ 29,084)	-	$ 17,336	-
8330	Share of other comprehensive income 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		509,446	1	127,094	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	5,817	-	256	-
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**		486,179	1	144,686	-
	Components of other comprehensive income (loss) that will subsequently be reclassified to profit or loss					
8361	Exchange differences arising from translation of foreign operations		(276,549)	(1)	(129,556)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**		(276,549)	(1)	(129,556)	-
8300	**Other comprehensive income for the year, net**		$ 209,630	-	$ 15,130	-
8500	**Total comprehensive income for the year**		$ 2,148,871	3	$ 2,581,642	4
9750	**Basic earnings per share**	6(23)	$	3.05	$	4.04
9850	**Diluted earnings per share**	6(23)	$	3.02	$	3.98

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

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2019 AND 2018

(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	Unrealised gain or loss on valuation of financial assets at fair value through other comprehensive income	Unrealised gain (loss) on valuation of available-for-sale financial assets	Total equity
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		-	-	-	-	(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(15)									
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
Year 2019										
Balance at January 1, 2019		$ 6,356,889	$ 3,924,357	$ 4,125,245	$ 426,354	$ 8,865,838	($ 396,921)	$ 781,713	$ -	$ 24,083,475
Profit for the year		-	-	-	-	1,939,241	-	-	-	1,939,241
Other comprehensive (loss) income for the year		-	-	-	-	(23,267)	(276,549)	509,446	-	209,630
Total comprehensive income (loss) for the year		-	-	-	-	1,915,974	(276,549)	509,446	-	2,148,871
Appropriations of 2018 earnings:	6(15)									
Legal reserve		-	-	256,651	-	(256,651)	-	-	-	-
Cash dividends		-	-	-	-	(1,907,067)	-	-	-	(1,907,067)
Changes in equity of associates accounted for using equity method		-	(27,468)	-	-	-	-	-	-	(27,468)
Balance at December 31, 2019		$ 6,356,889	$ 3,896,889	$ 4,381,896	$ 426,354	$ 8,618,094	($ 673,470)	$ 1,291,159	$ -	$ 24,297,811

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

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
Cash flows from operating activities			
Profit before income tax		$ 2,162,466	$ 2,908,907
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)(8)(20)	274,233	157,176
Amortization	6(20)	84,175	135,516
Profit from lease modification	6(18)	(13)	-
Expected credit losses (gains)	6(20)	3,434	(13,742)
Gain on valuation of financial assets at fair value through profit or loss	6(2)(18)	(8,035)	(1,792)
Interest expense	6(19)	2,189	278
Interest income	6(17)	(54,410)	(62,632)
Share of profit of subsidiaries and associates accounted for using the equity method	6(6)	(201,350)	(425,886)
Loss on disposal of investments accounted for using equity method	6(6)(18)	15	-
Gain on disposal of property, plant and equipment	6(18)	(2,005)	(5,193)
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		(23,488)	(18,895)
Notes receivable		1,062	1,295
Accounts receivable		(3,977,941)	712,880
Other receivables		(2,661)	27,819
Inventories		2,851,856	(3,301,624)
Prepayments		17,864	(67,029)
Other current assets		3,660	(27,927)
Net changes in liabilities relating to operating activities			
Contract liabilities		93,199	145,037
Notes payable		44,356	(8,892)
Accounts payable		2,595,721	(2,809,484)
Other payables		(68,056)	95,202
Provisions for liabilities		80,509	(11,647)
Other current liabilities		(77,539)	69,383
Other non-current liabilities		575	2,214
Cash generated from (used in) operations		3,799,816	(2,499,036)
Interest received		55,138	64,390
Dividends received		118,834	-
Interest paid		(2,189)	(278)
Income tax paid		(636,502)	(210,185)
Net cash generated from (used in) operating activities		3,335,097	(2,645,109)

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GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
Cash flows from investing activities			
Acquisition of financial assets at amortised cost		($ 1,776)	($ 161,192)
Acquisition of investments accounted for using equity method	6(6) and 7(2)	(200,000)	(872,089)
Proceeds from disposal of investments accounted for using equity method	6(6)	535	-
Acquisition of property, plant and equipment	6(24)	(286,185)	(267,419)
Proceeds from disposal of property, plant and equipment		2,097	5,463
Acquisition of intangible assets		(51,084)	(79,598)
Decrease in guarantee deposit paid		1,378	472
Increase in other non-current assets		(89,621)	(30,563)
Net cash used in investing activities		(624,656)	(1,404,926)
Cash flows from financing activities			
Cash dividends paid	6(15)	(1,907,067)	(2,542,756)
Repayments of principal portion of lease liabilities	6(25)	(48,414)	-
Increase (decrease) in guarantee deposit received	6(25)	154	(1,561)
Net cash used in financing activities		(1,955,327)	(2,544,317)
Net increase (decrease) in cash and cash equivalents		755,114	(6,594,352)
Cash and cash equivalents at beginning of year		4,442,162	11,036,514
Cash and cash equivalents at end of year		$ 5,197,276	$ 4,442,162

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

(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 company limited by shares under the provisions of the Company Act 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 primarily 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 13, 2020.

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 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'

A. 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.

B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Company increased 'right-of-use asset' by $91,249, increased 'lease liability' by $90,367 and decreased prepayments by $882 with respect to the lease contracts of lessees on January 1, 2019.

C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

(b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $17,351 was recognised for the year ended December 31, 2019.

(d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 0.14%～1.67%.

E. The Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$ 103,281
Less: Short-term leases	(9,213)
Less: Low-value assets	(857)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	93,211
Incremental borrowing interest rate at the date of initial application	0.14%~1.67%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	90,367

(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 2020 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

(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
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
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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 have been 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.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company 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 subsidiaries 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. However, if the maturity date is longer than three months, it shall be classified as financial assets at amortised cost and based on its maturity date to determine current or non-current assets.

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

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

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) Leasing arrangements (lessor)－operating leases

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 gains or losses 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) for the year and other comprehensive income (loss) for the year reported in the parent company only financial statements, shall be equal to profit (loss) for the year and other comprehensive income (loss) attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported 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～ 8 years
Office equipment	3～ 5 years
Other tangible operating assets	3～10 years

(15) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following: Fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Operating leases (lessee)

Prior to 2019

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.

(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. Trademark right (indefinite useful life)

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. The net defined benefit 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 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. 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.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(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. 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 indirect tax, volume discounts, sales returns 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 repair 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's 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 values are determined based on industrial experience. Management's judgement on determining such net realizable value involves material judgement.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and petty cash	$ 2,683	$ 2,269
Checking accounts and demand deposits	2,845,591	3,637,080
Time deposits	2,349,002	802,813
	$ 5,197,276	$ 4,442,162

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 reclassified the pledged bank deposits with more than three months maturity to "Financial assets at amortised cost", please refer to Notes 6(3) and 8 for the details.

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

Financial assets mandatorily measured at fair value through profit or loss	December 31, 2019	December 31, 2018
Beneficiary certificates	$ 456,549	$ 307,318
Government bonds	16,298	79,923
Corporate bonds	-	64,257
	472,847	451,498
Valuation adjustment	370	(9,804)
	$ 473,217	$ 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	2019	2018
Beneficiary certificates	$ 8,030	$ 320
Debt instruments	5	1,472
	$ 8,035	$ 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).

(3) Financial assets at amortised cost

	December 31, 2019	December 31, 2018
Current items:		
Time deposits with more than three months maturity	$ 90,000	$ 161,192
Non-current items:		
Pledged bank deposits	$ 158,040	$ -

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

	2019	2018
Interest income	$ 1,131	$ 765

B. As at December 31, 2019 and 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 $248,040 and $161,192, respectively.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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, 2019	December 31, 2018
Notes receivable	$ 2,995	$ 4,057
Accounts receivable	$ 3,650,987	$ 3,126,354
Less: Allowance for uncollectible accounts	(22,444)	(19,010)
	$ 3,628,543	$ 3,107,344

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

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 3,143,718	$ 2,995	$ 2,602,457	$ 4,057
Up to 30 days	478,410	-	504,224	-
31 to 60 days	15,828	-	2,542	-
61 to 90 days	2,078	-	6,660	-
Over 90 days	10,953	-	10,471	-
	$ 3,650,987	$ 2,995	$ 3,126,354	$ 4,057

The above ageing analysis was based on past due date.

B. As at December 31, 2019 and 2018, and January 1, 2018, the balances of receivables (including notes receivable) from contracts with customers amounted to $3,653,982, $3,130,411 and $3,993,629, respectively.

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

D. As at December 31, 2019 and 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 Company's notes and accounts receivable were $2,995 and $4,057, $3,628,543 and $3,107,344, respectively.

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

(5) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 2,952,608	($ 124,625)	$ 2,827,983
Work in progress	1,939,178	(319)	1,938,859
Finished goods and merchandise inventories	4,181,833	(117,821)	4,064,012
	$ 9,073,619	($ 242,765)	$ 8,830,854

	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

The cost of inventories recognised as expense for the period:

	Years ended December 31	
	2019	2018
Cost of inventories sold	$ 54,623,582	$ 49,402,043
Cost of warranty	835,699	557,134
(Gain on reversal of valuation) loss on valuation	(285,156)	375,197
	$ 55,174,125	$ 50,334,374

For the year ended December 31, 2019, the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the sale of obsolete inventories.

(6) Investments accounted for using the equity method

	December 31, 2019	December 31, 2018
Subsidiaries		
Freedom International Group Ltd.	$ 5,944,077	$ 5,971,052
Giga Investment Co.	3,635,838	2,983,967
G-Style Co., Ltd.	311,878	341,953
G.B.T. Technology Trading GmbH	299,218	307,710
BYTE International Co., Ltd.	87,874	57,211
Giga-Byte Technology B.V.	63,713	148,731
G.B.T. Inc.	44,294	79,195
Giga-Byte Communication Inc.	22,898	35,194
G.B.T. Technology LLC others	133,753	131,135
	$ 10,543,543	$ 10,056,148

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2019 for more information on the Company's subsidiary.

B. For the years ended December 31, 2019 and 2018, shares of profit from subsidiaries accounted for using equity method were $201,350 and $425,886, respectively, based on the audited financial statements.

C. Gigabyte Global Business Corporation completed the liquidation on April 17, 2019, returning proceeds of $535 and recognised losses on disposal of investments of $15.

D. The Company participated in the capital increase raised by Giga Investment Co. with $200,000 and $600,000 on November 18, 2019 and July 12, 2018, respectively. The share interest remains 100% after the capital increase.

E. The Company participated in the capital increase raised by BYTE International Co., Ltd. with $23,744 on March 29, 2018. The share interest remains 100% after the capital increase.

F. The Company participated in the capital increase raised by Giga-Byte Technology Trading GmbH with $107,721 and $140,624 on August 1, 2018 and November 15, 2018, respectively. The share interest remains 100% after the capital increase.

(7) Property, plant and equipment

	2019								
	Land			Buildings and structures			Machinery	Others	
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	Total
At January 1									
Cost	$ 926,088	$ 108,924	$ 1,035,012	$ 1,581,845	$ 62,137	$ 1,643,982	$ 1,031,390	$ 834,006	$ 4,544,390
Accumulated depreciation	-	-	-	(603,054)	(9,498)	(612,552)	(853,665)	(615,961)	(2,082,178)
	$ 926,088	$ 108,924	$ 1,035,012	$ 978,791	$ 52,639	$ 1,031,430	$ 177,725	$ 218,045	$ 2,462,212
Opening net book amount as at January 1	$ 926,088	$ 108,924	$ 1,035,012	$ 978,791	$ 52,639	$ 1,031,430	$ 177,725	$ 218,045	$ 2,462,212
Additions	-	-	-	8,942	-	8,942	14,532	264,144	287,618
Disposals	-	-	-	-	-	-	(92)	-	(92)
Reclassifications	-	-	-	630	-	630	65,864	(71,288)	(4,794)
Depreciation charge	-	-	-	(47,841)	(1,216)	(49,057)	(70,089)	(105,853)	(224,999)
Closing net book amount as at December 31	$ 926,088	$ 108,924	$ 1,035,012	$ 940,522	$ 51,423	$ 991,945	$ 187,940	$ 305,048	$ 2,519,945
At December 31									
Cost	$ 926,088	$ 108,924	$ 1,035,012	$ 1,553,000	$ 62,137	$ 1,615,137	$ 1,025,486	$ 1,003,059	$ 4,678,694
Accumulated depreciation	-	-	-	(612,478)	(10,714)	(623,192)	(837,546)	(698,011)	(2,158,749)
	$ 926,088	$ 108,924	$ 1,035,012	$ 940,522	$ 51,423	$ 991,945	$ 187,940	$ 305,048	$ 2,519,945

	2018								
	Land			Buildings and structures			Machinery	Others	
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	Total
At January 1									
Cost	$ 836,734	$ 82,275	$ 919,009	$ 1,513,993	$ 47,231	$ 1,561,224	$ 1,099,817	$ 652,728	$ 4,232,778
Accumulated depreciation	-	-	-	(577,097)	(6,407)	(583,504)	(909,668)	(578,688)	(2,071,860)
	$ 836,734	$ 82,275	$ 919,009	$ 936,896	$ 40,824	$ 977,720	$ 190,149	$ 74,040	$ 2,160,918
Opening net book amount as at January 1	$ 836,734	$ 82,275	$ 919,009	$ 936,896	$ 40,824	$ 977,720	$ 190,149	$ 74,040	$ 2,160,918
Additions	-	-	-	30,798	-	30,798	43,532	207,710	282,040
Disposals	-	-	-	-	-	-	(235)	(35)	(270)
Reclassifications	89,354	26,649	116,003	49,237	14,906	64,143	1,742	(5,188)	176,700
Depreciation charge	-	-	-	(38,140)	(3,091)	(41,231)	(57,463)	(58,482)	(157,176)
Closing net book amount as at December 31	$ 926,088	$ 108,924	$ 1,035,012	$ 978,791	$ 52,639	$ 1,031,430	$ 177,725	$ 218,045	$ 2,462,212
At December 31									
Cost	$ 926,088	$ 108,924	$ 1,035,012	$ 1,581,845	$ 62,137	$ 1,643,982	$ 1,031,390	$ 834,006	$ 4,544,390
Accumulated depreciation	-	-	-	(603,054)	(9,498)	(612,552)	(853,665)	(615,961)	(2,082,178)
	$ 926,088	$ 108,924	$ 1,035,012	$ 978,791	$ 52,639	$ 1,031,430	$ 177,725	$ 218,045	$ 2,462,212

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) Leasing arrangements－lessee

Effective 2019

A. The Company leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise of buildings and business vehicles. Low-value assets comprise multifunction printers. As at December 31, 2019, payments of lease commitments for short-term leases amounted to $638.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019 Carrying amount	Year ended December 31, 2019 Depreciation charge
Buildings	$ 36,663	$ 26,683
Transportation equipment	25,154	22,551
	$ 61,817	$ 49,234

D. For the year ended December 31, 2019, the additions to right-of-use assets was $23,077.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 1,743
Expense on short-term lease contracts	17,351
Expense on leases of low-value assets	3,377

F. For the year ended December 31, 2019, the Company's total cash outflow for leases was $70,885.

(9) Leasing arrangements – lessor

Effective 2019

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the year ended December 31, 2019, the Company recognised rent income in the amount of $14,256, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2019
2020	$ 8,726
2021	6,258
2022	5,944
2023	2,781
	$ 23,709

(10) Other payables

	December 31, 2019	December 31, 2018
Wages, salaries and bonus payable	$ 2,366,707	$ 2,416,337
Employees' compensation and remuneration for directors and supervisors	291,385	374,323
Marketing payable	244,634	193,258
Shipping and freight-in payable	153,137	120,895
Royalties payable	75,159	66,776
Others	248,694	274,750
	$ 3,379,716	$ 3,446,339

(11) Provisions

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

	2019	2018
At January 1	$ 433,059	$ 444,706
Additional provisions	835,699	557,134
Used during the period	(755,190)	(568,781)
At December 31	$ 513,568	$ 433,059

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, 2019	December 31, 2018
Present value of defined benefit obligations	($ 800,796)	($ 764,063)
Fair value of plan assets	228,240	221,165
Net defined benefit liability	($ 572,556)	($ 542,898)

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

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 764,063)	$ 221,165	($ 542,898)
Current service cost	(3,570)	-	(3,570)
Interest (expense) income	(7,602)	2,241	(5,361)
Past service cost	4,684	-	4,684
	(770,551)	223,406	(547,145)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	7,863	7,863
Change in demographic assumptions	(6,684)	-	(6,684)
Change in financial assumptions	(24,306)	-	(24,306)
Experience adjustments	(5,957)	-	(5,957)
	(36,947)	7,863	(29,084)
Pension fund contribution	-	3,673	3,673
Paid pension	6,702	(6,702)	-
At December 31	($ 800,796)	$ 228,240	($ 572,556)

	2018		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 776,787)	$ 218,767	($ 558,020)
Current service cost	(4,735)	-	(4,735)
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)	-
At December 31	($ 764,063)	$ 221,165	($ 542,898)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's 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 has no right to participate in managing and operating that fund and hence the Company is 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, 2019 and 2018 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	
	2019	2018
Discount rate	0.75%	1.00%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Experience Mortality Table from Taiwan Life Insurance.

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, 2019				
Effect on present value of defined benefit obligation	($ 24,434)	$ 25,504	$ 24,873	($ 23,968)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 24,070)	$ 25,133	$ 24,574	($ 23,669)

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, 2020 amounts to $14,199.

(f) As of December 31, 2019, 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	$ 8,217
1-2 year(s)	20,917
2-5 years	82,951
Over 5 years	762,521
	$ 874,606

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, 2019 and 2018 were $84,888 and $81,331, respectively.

(13) Share capital

As of December 31, 2019, the Company's authorized capital was $9,500,000, consisting of 950,000 thousand shares of ordinary stock (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. The number of the Company's ordinary shares outstanding during 2019 and 2018 is both 635,688,886 shares.

(14) Capital surplus

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.

(15) 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 when distributed by issuance of new shares. The Company's dividend policy is as follows: not less than 5% of total distribution amount 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 amount 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 earnings for 2018 and 2017 had been resolved by stockholders on June 12, 2019 and June 11, 2018. Details are summarized below:

	Years ended December 31			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 256,651		$ 278,641	
Cash dividends	1,907,067	$ 3.00	2,542,756	$ 4.00

E. As of the date of the auditor's report, the appropriation of retained earnings for 2019 has not been resolved by the Board of Directors. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and reported to 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(21).

(16) Operating revenue

	December 31, 2019	December 31, 2018
Revenue from contracts with customers	$ 62,383,990	$ 57,984,926

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines and segments:

	Year ended December 31, 2019		
Product Types	Global brand business group	Other business group	Total
Peripheral cards	$ 24,725,656	$ 649,640	$ 25,375,296
Main boards	23,987,181	669,371	24,656,552
Computer servers	-	7,889,147	7,889,147
Others	2,906,769	1,556,226	4,462,995
	$ 51,619,606	$ 10,764,384	$ 62,383,990

	Year ended December 31, 2018		
Product Types	Global brand business group	Other business group	Total
Peripheral cards	$ 27,373,817	$ 505,098	$ 27,878,915
Main boards	19,504,013	1,070,996	20,575,009
Computer servers	-	7,271,587	7,271,587
Others	976,837	1,282,578	2,259,415
	$ 47,854,667	$ 10,130,259	$ 57,984,926

B. Contract liabilities

The Company has recognised unearned receipts as revenue-related contract liabilities amounting to $370,694, $277,495 and $132,458 as of December 31, 2019 and 2018 and January 1, 2018, respectively.

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

	Years ended December 31	
	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Unearned receipts	$ 277,495	$ 132,458

(17) Other income

	Years ended December 31	
Interest income：	2019	2018
Interest income from bank deposits	$ 46,445	$ 53,455
Interest income from financial assets at fair value through profit or loss	3,442	4,358
Interest income from financial assets measured at amortised cost	1,131	765
Others	3,392	4,054
Total interest income	54,410	62,632
Rent income	14,256	14,262
Other income, others	437,508	491,747
	$ 506,174	$ 568,641

(18) Other gains and losses

	Years ended December 31	
	2019	2018
Foreign exchange gains	$ 61,144	$ 151,493
Gains on financial assets at fair value through profit or loss	8,035	1,792
Gains on disposal of property, plant and equipment	2,005	5,193
Gains arising from lease modification	13	-
Losses on disposal of investments	(15)	-
Others	(4,896)	-
	$ 66,286	$ 158,478

(19) Finance costs

	Years ended December 31	
	2019	2018
Interest expense	$ 2,189	$ 278

(20) Expenses by nature

	Years ended December 31	
	2019	2018
Cost of goods sold	$ 53,806,692	$ 49,316,590
Employee benefit expense	3,322,747	3,446,616
Warranty cost of after-sale service	835,699	557,134
Marketing service charge	373,802	320,082
Depreciation and amortisation	358,408	292,692
Transportation expenses	186,037	178,975
Expected credit losses (gains)	3,434	(13,742)
Other costs and expenses	2,106,326	2,130,399
	$ 60,993,145	$ 56,228,746

(21) Employee benefit expense

	Years ended December 31	
	2019	2018
Wages and salaries	$ 2,882,787	$ 3,018,391
Labor and health insurance fees	193,431	183,835
Pension costs	89,135	88,457
Directors’ remuneration	52,752	52,646
Other personnel expenses	104,642	103,287
	$ 3,322,747	$ 3,446,616

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, 2019 and 2018, employees’ compensation was accrued at $245,385 and $328,323, 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 1.87% of distributable profit of current year for the year ended December 31, 2019. The employees’ compensation and directors’ and supervisors’ remuneration resolved by the Board of Directors were $245,385 and $46,000, and the employees’ compensation will be distributed in the form of cash.

Employees’ compensation and directors’ and supervisors’ remuneration of 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 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.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2019	2018
Current tax:		
Current tax on profits for the period	$ 243,883	$ 517,564
Prior year income tax overestimation	(15,602)	(39,052)
Total current tax	228,281	478,512
Deferred tax:		
Origination and reversal of temporary differences	(5,056)	(103,452)
Impact of change in tax rate	-	(32,665)
Income tax expense	$ 223,225	$ 342,395

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

	Years ended December 31	
	2019	2018
Remeasurement of defined benefit obligations	($ 5,817)	$ 3,468
Impact of change in tax rate	-	(3,724)
	($ 5,817)	($ 256)

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	$ 432,493	$ 581,781
Expenses disallowed by tax regulation	725	35,116
Tax exempt income by tax regulation	(21,359)	-
Effect from investment tax credits	(75,735)	(71,184)
Changes in assessment of realisation of deferred tax assets	(105,680)	(131,601)
Prior year income tax overestimation	(15,602)	(39,052)
Separate taxation	8,383	-
Impact of change in tax rate	-	(32,665)
Income tax expense	$ 223,225	$ 342,395

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

	Year ended December 31, 2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Provision for warranty expense	$ 86,612	$ 16,102	$ -	$ 102,714
Loss on inventory	105,584	(57,031)	-	48,553
Pension expense	46,710	115	-	46,825
Unrealised profit on intercompany sales	59,855	23,794	-	83,649
Unrealised exchange loss	45	10,668	-	10,713
Remeasurement of defined benefit obligations	21,360	-	5,817	27,177
Others	40,125	11,408	-	51,533
	$ 360,291	$ 5,056	$ 5,817	$ 371,164

	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	-	(7,185)	-	40,125
	232,111	(651)	128,575	256	360,291
Deferred tax liabilities					
Others	(7,542)	-	7,542	-	-
	$ 224,569	($ 651)	$ 136,117	$ 256	$ 360,291

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2019 and 2018, the amounts of temporary difference unrecognised as deferred tax liabilities were $356,093 and $120,652, respectively.

E. The Company’s income tax returns through 2017 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 on February 7, 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.

(23) Earnings per share

	Year ended December 31, 2019		
	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	$ 1,939,241	635,689	$ 3.05
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
－Employees' compensation	-	6,386	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 1,939,241	642,075	$ 3.02

	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' compensation	-	9,202	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 2,566,512	644,891	$ 3.98

(24) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31	
	2019	2018
Purchase of property, plant and equipment	$ 287,618	$ 282,040
Add: Opening balance of payable on equipment	14,621	-
Less: Ending balance of payable on equipment	(16,054)	(14,621)
Cash paid during the year	$ 286,185	$ 267,419

(25) Changes in liabilities from financing activities

	2019		
	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 90,367	$ 2,235	$ 92,602
Changes in cash flow from financing activities	(48,414)	154	(48,260)
Interest paid (Note)	(1,743)	-	(1,743)
Changes in other non-cash items	21,980	-	21,980
At December 31	$ 62,190	$ 2,389	$ 64,579

Note: Listed under cash flows from operating activities.

	2018	
	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 3,796	$ 3,796
Changes in cash flow from financing activities	(1,561)	(1,561)
At December 31	$ 2,235	$ 2,235

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 Corp. (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)	〃
Senyun Precision Optical Co., Ltd. (Senyun Precision)	〃
Selita Precision Co., Ltd. (Selita Precision)	〃

Names of related parties	Relationship with the Company
GIGAIPC CO., LTD. (GIGAIPC)	The Company's Indirect subsidiary
Ningbo Giga-Byte International Trade Co., Ltd. (Ningbo Giga-Byte International Trade)	〃
Ningbo BestYield Tech. Services Co., Ltd. (Ningbo BestYield)	〃
Ningbo Zhongjia Technology Co. Ltd. (Ningbo Zhongjia)	〃
Ningbo Gigabyte Technology Co., Ltd. (Ningbo Gigabyte)	〃
Dongguan Gigabyte Electronics Co., Ltd. (Dongguan Gigabyte)	〃

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31	
	2019	2018
Sales of goods:		
G.B.T.-USA	$ 12,624,549	$ 9,271,853
Ningbo Zhongjia	12,236,148	-
Subsidiaries	2,417 ,053	1,566,489
Indirect subsidiaries	296,327	126,384
Giga Advance	-	11,769,568
	$ 27,574,077	$ 22,734,294

The sales prices to related parties were based on the agreed contracts. Credit terms to related parties were within 30~90 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	
	2019	2018
Purchases of goods：		
Subsidiaries	$ 1,575	$ 9,522
Indirect subsidiaries	529,581	467,095
	$ 531,156	$ 476,617

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 term for third parties is 30 days after receipt of goods or 60~90 days for monthly billing.

C. Manufacturing overhead-Processing expense

	Years ended December 31	
	2019	2018
G.B.T.-LBN	$ 1,579,568	$ 1,901,133

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	
	2019	2018
Ningbo BestYield	$ 310,324	$ -
G.B.T.-USA	74,265	-
Giga Advance	-	214,700
G.B.T.-NL	30,195	49,117
Subsidiaries	49,032	37,671
Indirect subsidiaries	11,097	10,322
	$ 474,913	$ 311,810

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

E. Marketing service charge (Shown as "Selling expenses")

	Years ended December 31	
	2019	2018
G.B.T.-NL	$ 134,911	$ 105,761
G.B.T.-AU	38,658	52,128
G.B.T.-Japan	27,012	23,488
Subsidiaries	48,411	53,039
Indirect subsidiaries	-	5,847
	$ 248,992	$ 240,263

Marketing service charge is the expenditure arising from the business development rendered by the related party 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 for monthly billing.

F. Professional service fees (Shown as “Selling expenses”)

	Years ended December 31	
	2019	2018
G.B.T.-NL	$ 139,621	$ 114,877
Subsidiaries	28,925	255
Indirect subsidiaries	5,804	6,159
	$ 174,350	$ 121,291

Professional service fee is the service expenditure arising from the staff who provided business development and after-sales maintenance 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 for monthly billing.

G. Accounts receivable

	December 31, 2019	December 31, 2018
G.B.T.-USA	$ 3,640,567	$ 1,843,922
Ningbo Zhongjia	1,439,651	-
Subsidiaries	518,572	448,363
Indirect subsidiaries	339,745	192,942
	$ 5,938,535	$ 2,485,227

H. Accounts payable

	December 31, 2019	December 31, 2018
Subsidiaries	$ 6,717	$ 2,509
Indirect subsidiaries	1,975,601	1,392,922
	$ 1,982,318	$ 1,395,431

I. Unearned receipts (Shown as “Contract liabilities”)

	December 31, 2019	December 31, 2018
Indirect subsidiaries	$ 193,809	$ -

J. Property transactions -Acquisition of financial assets

	Accounts	No. of shares	Objects	Year ended December 31, 2019 Consideration
Giga Investment	Investments accounted for using equity method	20,000,000	Stock	$ 200,000

	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

(3) Key management compensation

	Years ended December 31	
	2019	2018
Salaries and other short-term employee benefits	$ 398,539	$ 448,488

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2019	December 31, 2018	Purpose
Pledged asset - current (accounted for as "Other current assets")			
- Demand deposits	$ -	$ 24,094	Project grants and collateral loan
Pledged asset - non-current (accounted for as "Other non-current assets")			
- Time deposits	$ -	$ 60,978	Guarantee for the customs duties
Pledged assets - non-current (accounted for as "Financial assets at amortised cost - non-current")			
- Demand deposits	$ 96,942	$ -	Repatriated offshore funds
- Time deposits	61,098	-	Guarantee for the customs duties
	$ 158,040	$ -	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On February 4, 2020, the Board of Directors of the subsidiary, Freedom International Group Ltd. resolved to increase its capital by issuing 34,000 thousand ordinary shares amounting to USD 3,400 thousand, and the Company acquired all 34,000 thousand ordinary shares.

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, 2019	December 31, 2018
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 473,217	$ 441,694
Financial assets at amortised cost		
Cash and cash equivalents	5,197,276	4,442,162
Financial assets at amortised cost	248,040	161,192
Notes receivable	2,995	4,057
Accounts receivable (including related parties)	9,567,078	5,592,571
Other receivables	84,063	82,130
Guarantee deposits paid	25,316	26,694
	$ 15,597,985	$ 10,750,500
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 54,092	$ 9,736
Accounts payable (including related parties)	9,024,870	6,429,149
Other payables	3,379,716	3,446,339
Guarantee deposits received	2,389	2,235
Lease liabilities	62,190	-
	$ 12,523,257	$ 9,887,459

B. Financial 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 Company'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 divisions to manage their foreign exchange risk against their functional currency.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency is 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, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 388,294	30.106	$ 11,689,979
RMB:NTD	47,803	4.323	206,652
Non-monetary items			
USD:NTD	$ 5,663	30.106	$ 170,483
Investments accounted for using equity method			
USD:NTD	$ 212,906	30.106	$ 6,409,736
Financial liabilities			
Monetary items			
USD:NTD	$ 252,799	30.106	$ 7,610,767

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
RMB:NTD	266,111	4.323	1,150,398

	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

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, 2019 and 2018 amounted to $61,144 and $151,493, respectively.

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

	Year ended December 31, 2019		
	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%	$ 116,900	$ -
RMB:NTD	1%	2,067	-

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 76,108	$ -
RMB:NTD	1%	11,504	-

	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	-

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, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $4,570 and $3,078, 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 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, changing in market interest rates would affect their fair values. As at December 31, 2019 and 2018, if market interest rates had increased/decreased by 1 % with all other variables held constant, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $162 and $1,339, respectively.

(b) Credit risk

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, the credit risk is relatively low.

iii. The corporate bonds and financial bonds invested by the Company have been evaluated to have a good credit rating, and it is expected that the counterparty will not default, so the credit risk is extremely low. 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 Company's concern. According to the Company's credit policy, each local entity in the Company 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 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; and

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Company classifies customers' accounts receivable in accordance with credit rating of customer, insurance coverage and collaterals. The Company applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

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. As at December 31, 2019 and 2018, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31 to 60 days past due
December 31, 2019			
Expected loss rate	0.91%	1.02%	9.96%
Total book value	$ 2,769,767	$ 444,725	$ 14,135
Loss allowance	$ 10,652	$ 862	$ 169
	61 to 90 days past due	Over 90 days	Total
Expected loss rate	36.16%	100%	0.91%~100%
Total book value	$ 2,048	$ 10,634	$ 3,241,309
Loss allowance	$ 127	$ 10,634	$ 22,444

	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:

	2019		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 19,010	$ 19,010
Provision for impairment	-	3,434	3,434
At December 31	$ -	$ 22,444	$ 22,444

	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_IFRS 9	-	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

Considering the credit insurance on accounts receivable, the abovementioning amounts were not recognised as allowance for uncollectible accounts amounting to $24,235 and $29,499 as at December 31, 2019 and 2018, respectively.

For provisioned loss in 2019 and 2018, the impairment losses and the reversal of impairment losses arising from customers' contracts amounted to ($3,434) and $13,742, respectively.

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

	December 31, 2019			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Group 1	$ 90,000	$ -	$ -	$ 90,000
Group 2	158,040	-	-	158,040
	$ 248,040	$ -	$ -	$ 248,040

	December 31, 2018			
		Lifetime		
	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.

Group 2: Pledged time deposits.

(c) Liquidity risk

i. Company treasury monitors rolling forecasts of the 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 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:

December 31, 2019	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Notes payable	$ 54,092	$ -	$ -	$ 54,092
Accounts payable	9,024,870	-	-	9,024,870
Other payables	3,379,716	-	-	3,379,716
Lease liability	44,639	15,408	3,470	63,517

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

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.

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

C. 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 as at December 31, 2019 and 2018 is as follows:

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

December 31, 2019	Level 1	Level 2	Level 3	Total
Recurring fair value measurements -assets				
Financial assets at fair value through profit or loss				
Equity instrument	$ 457,052	$ -	$ -	$ 457,052
Debt instrument	16,165	-	-	16,165
	$ 473,217	$ -	$ -	$ 473,217

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

(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, 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.

D. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

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 2.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

14. OPERATING SEGMENTS

None.

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, 2019

Table 1

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, 2019 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	-	50,585	
	Manulife Asia Pacific Bond Fund	〃	〃	4,313,752	50,000	-	53,814	
	Prudential Fiancial Money Market Fund	〃	〃	5,099,428	80,000	-	80,987	
	JIN SUN Fiancial Money Market Fund	〃	〃	6,800,935	100,000	-	101,181	
	Beneficiary certificates－Morgan Stanley Opportunistic Mortgage Income Fund LP	〃	〃	413,263	13,493	-	12,442	
	AB FCP I-AMER INC-A2 USD (LUX LISTING) Income Fund LP			65,232	62,765	-	61,037	
	PIMCO INVESTMENT GRADE CREDIT FUND (IRE LISTING)			43,459	31,197	-	30,381	
	MSIM GLOBAL FIXED INC OPP-A (LUX LISTING) Income Fund LP			27,337	31,567	-	30,320	
	JPM USD LIQUIDITY LVNAV C (ACC.) (LUX LISTING)			118	37,527	-	36,305	
	Government bond- Indonesia Government International Bond 4.125%	〃	〃	500,000	16,298	-	16,165	
					472,847		$ 473,217	
			Valuation adjustment of financial assets at fair value through profit or loss		370			
					$ 473,217			
Giga Future Limited	Beneficiary certificate－JPM USD LIQUIDITY LANAV C (ACC) (LUX LISTING)	None	Financial assets at fair value through profit or loss-current	190	USD 1,930 thousand	-	USD 1,943 thousand	
			Valuation adjustment of financial assets at fair value through profit or loss		USD 13 thousand			
					USD 1,943 thousand			
Giga-Trend International Investment Group Ltd.	Listed stocks - Sintrones Technology Corp.	None	Financial assets at fair value through profit or loss-current	Omitted	$ 48,979	-	$ 63,077	
			Valuation adjustment of financial assets at fair value through profit or loss		14,098			
					$ 63,077			
	Unlisted stocks - Castec International Corp etc.	〃	Financial assets at fair value through profit or loss-current	Omitted	$ 67,715	-	$ 19,089	
			Valuation adjustment of financial assets at fair value through profit or loss		(48,626)			
					$ 19,089			

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, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2019				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Giga-Trend International Investment Group Ltd.	Corporate bond-Anji Technology Co., Ltd. etc.	〃	Financial assets at fair value through profit or loss-current	Omitted	$ 50,127	-	$ 50,757	
			Valuation adjustment of financial assets at fair value through profit or loss		630			
					$ 50,757			
Freedom International Group Ltd.	Beneficiary certificate-JPM USD LIQUIDITY LANAV C (ACC) (LUX LISTING)	None	Financial assets at fair value through profit or loss-current	3,000	USD 2,138 thousand	-	USD 2,153thousand	
			Valuation adjustment of financial assets at fair value through profit or loss		USD 15 thousand			
					USD 2,153 thousand			
Chi-Ga Investments Corp.	Listed stocks - Walsin Technology Corporation etc.	None	Financial assets at fair value through other comprehensive income－Non current	Omitted	$ 888,387		$ 2,194,972	
			Valuation adjustment of financial assets at fair value through other comprehensive income		1,306,585			
					$ 2,194,972			
	Unlisted stocks - Hui Yang Venture Capital Co., Ltd. etc.	〃	Financial assets at fair value through other comprehensive income－Non current	Omitted	$ 24,365	0.11%~ 16.25%	$ 26,725	
			Valuation adjustment of financial assets at fair value through other comprehensive income		2,360			
					$ 26,725			
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.

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, 2019

Table 2

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.	Ningbo Zhongjia Technology Co., Ltd.	Parent-subsidiary company	(Sales)	$ 12,236,148	(20%)	90 days upon receipt of goods	The price was based on the contract price	Normal	$ 1,439,651	15%	
	G.B.T. Inc.	〃	〃	12,624,549	(20%)	60 days upon receipt of goods	〃	〃	3,640,567	38%	
	G-Style Co., Ltd.	〃	〃	1,749,018	(3%)	90 days upon receipt of goods	〃	〃	454,517	5%	
	Giga-Byte Technology B.V.	〃	〃	666,503	(1%)	60 days upon receipt of goods	〃	〃	63,402	1%	
	Gigaipc Co., Ltd.	〃	〃	228,921	-	60 days after billing	〃	〃	137,820	1%	
	G.B.T. LBN Inc.	〃	Processing cost	1,579,568	73%	〃	〃	〃	-	-	
	〃	〃	Purchases	402,042	1%	〃	〃	〃	-	-	
G.B.T. LBN Inc.	Ningbo Gigabyte Technology Co., Ltd.	Sister companies	Purchases	USD 23,060 thousand	44%	60 days upon receipt of goods	The price was based on the contract price	Normal	-	-	
	Dongguan Gigabyte Electronics Co., Ltd.	〃	〃	USD 29,454 thousand	56%	〃	〃	〃	-	-	
G.B.T. Inc.	G-Style Co., Ltd.	Sister companies	Purchases	USD 17,747 thousand	5%	60 days upon receipt of goods	The price was based on the contract price	Normal	(USD 588 thousand)	1%	
G-Style Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Sister companies	(Sales)	252,528	(13%)	60 days after billing	The price was based on the contract price	Normal	10,983	6%	

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, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Giga-Byte Technology Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Parent-subsidiary	$ 1,439,651	12.04	$ -	-	$ 1,439,651	$ -
	G.B.T. Inc.	〃	3,640,567	4.33	-	-	2,169,163	-
	G-Style Co., Ltd.	〃	454,517	3.20	-	-	296,600	-
	Gigaipc Co., Ltd.	〃	137,820	3.27			137,820	
Ningbo Gigabyte Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-subsidiary	RMB 192,750 thousand	2.96	-	-	RMB 192,734 thousand	-
Dongguan Gigabyte Electronics Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-subsidiary	RMB 238,062 thousand	2.60	-	-	RMB 238,062 thousand	-

GIGA-BYTE TECHNOLOGY CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Company name	Counterparty	Relationship	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to subsidiary	Sales	$ 666,503	Note 5	1%
	〃	〃	Service expense	134,911	Note 3	-
	〃	〃	Service charge	139,621	〃	-
	〃	〃	Accounts receivable	63,402	Note 5	-
	G.B.T. Inc.	〃	Sales	12,624,549	〃	20%
	〃	〃	Accounts receivable	3,640,567	〃	10%
	〃	〃	Warranty cost	74,265	Note 3	-
	Ningbo Zhongjia Technology Co., Ltd.	Parent company to indirect subsidiary	Sales	12,236,148	Note 1	20%
	〃	〃	Accounts receivable	1,439,651	〃	4%
	G-Style Co., Ltd.	Parent company to subsidiary	Sales	1,749,018	〃	3%
	〃	〃	Accounts receivable	454,517	〃	1%
	G.B.T. LBN Inc.	Parent company to indirect subsidiary	Processing cost	1,579,568	Note 2	3%
	〃	〃	Purchases	402,042	〃	1%
	Gigaipc Co., Ltd.	〃	Sales	228,921	〃	-
	〃	〃	Accounts receivable	137,820	〃	-
	Ningbo Gigabyte Technology Co., Ltd.	〃	Accounts payable	948,464	〃	3%
	Dongguan Gigabyte Electronics Co.,Ltd.	〃	Accounts receivable	197,192	Note 3	1%
	〃	〃	Accounts payable	1,027,137	Note 2	3%
	Ningbo BestYield Tech. Services Co.,Ltd.	〃	Warranty cost	310,324	Note 3	1%
G.B.T. LBN Inc.	Ningbo Gigabyte Technology Co., Ltd.	Indirect subsidiary to indirect subsidiary	Processing cost	689,799	〃	1%
	Dongguan Gigabyte Electronics Co.,Ltd.	〃	〃	889,769	〃	1%
Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH,etc	Subsidiary to subsidiary	Service expense	137,518	Note 4	-
G-Style Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Subsidiary to indirect subsidiary	Sales	252,528	Note 2	-
	〃	〃	Accounts receivable	10,983	〃	-
	G.B.T. Inc.	Subsidiary to subsidiary	Sales	548,949	Note 5	1%

Note 1 : Credit terms were 90 days upon receipt of goods.
Note 2 : Credit terms were 60 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, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	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	$ 5,944,077	$ 473,641	$ 223,952	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Chi-Ga Investments Corp.	Taiwan	Holding company	2,575,000	2,575,000	293,756,500	100.00	3,635,838	(29,279)	(29,475)	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	311,878	(14,536)	(30,075)	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	22,898	(258)	(258)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	BYTE International Co., Ltd.	Taiwan	Selling of PC peripherals	303,709	303,709	3,000,000	100.00	87,874	30,663	30,663	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	63,713	23,676	23,592	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	13,483	1,892	1,892	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	10,436	1,144	1,144	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Marketing of computer information products	272,959	272,959	-	100.00	299,218	4,688	4,688	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	54,880	1,953	1,953	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	14,206	3,438	3,438	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Global Business Corporation	U.S.A.	ODM Business	-	322	-	-	-	228	228	The Company's subsidiary

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
Giga-Byte Technology Co., Ltd.	Gigabyte Technology ESPANA S.L.U.	Spain	Marketing of computer information products	$ 241	$ 241	5,000	100.00	$ 4,263	$ 208	$ 208	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	44,294	144,436	(31,410)	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	2,327	168	168	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	34,158	642	642	The Company's 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	1,741	32	-	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	2,793,876	346,687	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. LBN Inc.	Malaysia	Sales of computer information products	-	-	-	100.00	(404,998)	214,629	-	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	154,166	144,436	-	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	1,530	(81)	-	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	3,241,114	293,263	-	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	11,160	(234)	-	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	21,193	(85,892)	-	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	60,757	3,073,000	100.00	20,155	(2,836)	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	600,000	600,000	65,290,000	100.00	703,462	28,571	-	The Company's indirect subsidiary

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
Chi-Ga Investments Corp.	Giga-Trend International Management Group Ltd.	Taiwan	Venture capital management and consulting company	$ 6,000	$ 5,483	600,000	60.00	$ 18,363	$ 9,853	$ -	The Company’s indirect subsidiary
Chi-Ga Investments Corp.	Senyun Precise Optical Co.,Ltd	Taiwan	Manufacturing and selling of optical lens	588,441	786,990	54,727,814	86.24	268,124	(261,151)	-	The Company’s indirect subsidiary
Chi-Ga Investments Corp.	Gigazone Holdings Limited	British Virgin Islands	Holding company	173,928	173,928	34,500	100.00	-	(3,436)	-	The Company’s indirect subsidiary
Chi-Ga Investments Corp.	Selita Precision Co., Ltd.	Taiwan	Manufacturing, wholesale and retail of bicycle and parts	50,000	50,000	5,000,000	100.00	37,422	(187)	-	The Company’s indirect subsidiary
Chi-Ga Investments Corp.	Green Share Co., Ltd.	Taiwan	Wholesale of information software	-	9,424	-	-	-	29	-	The Company’s indirect subsidiary
Chi-Ga Investments Corp.	GIGAIPC Co., Ltd.	Taiwan	Sales of computer information products	200,000	200,000	20,000,000	100.00	170,764	(7,814)	-	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	13,881	3,796	-	The Company’s indirect subsidiary

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2019

Table 6

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, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	$ 1,180,938	Note 1	$ 1,180,938	$ -	-	$ 1,180,938	$ 198,131	100.00	$ 198,131	$ 1,484,248	-	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	118,359	100.00	118,359	1,128,174	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	181,923	Note 1	165,515	-	-	165,515	24,186	100.00	24,186	163,402	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,853	Note 3	-	-	-	-	122,167	100.00	122,167	995,126	-	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	288,573	100.00	288,573	3,148,655	-	The Company's indirect subsidiary
Gigazone International (Shenzhen)	Selling of PC peripherals	-	Note 3	203,761	-	-	203,761	(107)	100.00	(107)	-	-	The Company's indirect subsidiary
Shenzhen BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	15,841	Note 3	-	-	-	-	(451)	100.00	(451)	3,414	-	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	(902)	86.24	(778)	(185)	-	The Company's indirect subsidiary
Zaozhuang Bestyield Resources Recycling Co., Ltd.	Recycling and selling of renewable resources	5,507	Note 3	-	-	-	-	1,778	100.00	1,778	6,914	-	

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, 2019	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	$ 14,578,687
Chi-Ga Investments Corp.	203,761	203,761	2,181,515
Senyun Precise Optical Co., Ltd.	1,609	9,974	186,538

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, 2019

Table 7

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, 2019	%	Balance at December 31, 2019	Purpose	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019	Interest rate	Interest during the year ended December 31, 2019	
Ningbo Gigabyte Technology Co., Ltd.	$ 32,705	-	$ -	-	$ -	-	$ -	-	$ -	$ -	-	$ -	Processing cost paid at $689,799
〃	(45,570)	-	-	-	(948,464)	(11)	-	-	-	-	-	-	
Ningbo Zhongjia Technology Co.,	12,236,148	20	-	-	1,439,651	9	-	-	-	-	-	-	
Dongguan Gigabyte Electronics Co., Ltd.	29,832	-	-	-	197,192	-	-	-	-	-	-	-	Processing cost paid at $889,769
〃	(80,242)	-	-	-	(1,027,137)	(11)	-	-	-	-	-	-	
Ningbo BestYield Tech. Services Co.,Ltd.	35,043	-	-	-	4,415	-	-	-	-	-	-	-	After-sales service costs paid at $320,875

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Statement 1

ONF	Description	Amount	Note
Cash on hand and revolving funds		$ 2,683	
Check deposits		500	
Demand deposits —NTD		307,663	
—USD	USD 77,080.87 thousand, conversion rate 30.106	2,320,597	
—Other foreign currencies		216,831	
Time deposits —NTD	Annual percentage rate is 0.59%~0.66%	2,317,400	
—USD	USD 1,049.69 thousand, conversion rate 30.106 annual percentage rate is 1.89%	31,602	
		$ 5,197,276	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Statement 2

Customer	Amount	Note
Non-related parties		
LLC "NEW IT PROJECT"	$ 329,881	
JC Hyun Systems, Inc.	196,783	
Others	3,124,323	None of the balances of each remaining item is greater than 5% of this account balance.
	3,650,987	
Less: Allowance for bad uncollectible accounts	(22,444)	
	$ 3,628,543	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Statement 3

Item	Amount: Cost	Amount: Net realisable value	Note
Raw materials	$ 2,952,608	$ 3,615,754	
Work in progress	1,939,178	2,030,012	
Finished goods and merchandise	4,181,833	4,353,193	
	9,073,619	$ 9,998,959	
Less: Allowance for valuation loss on inventories	(242,765)		
	$ 8,830,854		

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GIGA-BYTE TECHNOLOGY CO., LTD.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Statement 4

	Balance at January 1, 2019		Additions (Note 1)		Deductions (Note 2)		Other adjustments (Note 3)	Balance at December 31, 2019			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	-	$ 307,710	-	$ 4,668	-	$ -	($ 13,180)	-	100%	$ 299,218	$ -	$ 299,218	None	
G.B.T. Inc.	54,116	79,195	-	-	-	(31,410)	(3,491)	54,116	48.63%	44,294	819	44,294	〃	
GBT Tech. Co. Ltd	800,000	11,405	-	1,892	-	-	186	800,000	100%	13,483	17	13,483	〃	
Giga-Byte Technology B.V.	8,500	148,731	-	23,592	-	(106,796)	(1,814)	8,500	100%	63,713	7,496	63,713	〃	
Gigabyte Technology Pty. Ltd.	2,400,000	54,394	-	1,953	-	-	(1,467)	2,400,000	100%	54,880	23	54,880	〃	
Gigabyte Technology (India) Private Limited	4,600,000	12,807	-	3,438	-	-	(2,039)	4,600,000	100%	14,206	3	14,206	〃	
Freedom International Group Ltd.	142,671,692	5,971,052	-	223,952	-	-	(250,927)	142,671,692	100%	5,944,077	42	5,944,077	〃	
Nippon Giga-Byte Corp.	1,000	9,354	-	1,144	-	-	(62)	1,000	100%	10,436	10,436	10,436	〃	
Gigabyte Technology ESPANA S.L.U.	5,000	4,241	-	208	-	-	(186)	5,000	100%	4,263	853	4,263	〃	
Gigabyte Global Business Corporation	1,000	308	-	228	-	(550)	14	1,000	100%	-	-	-	〃	
Gigabyte Information Technology Commerce Limited Company	8,000	2,507	-	168	-	-	(348)	8,000	100%	2,327	291	2,327	〃	
G-Style Co., Ltd.	72,000,000	341,953	-	-	-	(30,075)	-	72,000,000	100%	311,878	4	311,878	〃	
Giga-Byte Communication Inc.	2,145,880	35,194	-	-	-	(12,296)	-	2,145,880	99.86%	22,898	11	22,898	〃	
BYTE International Co., Ltd.	3,000,000	57,211	-	30,663	-	-	-	3,000,000	100%	87,874	29	87,874	〃	
Giga Investment Corp.	273,756,500	2,983,967	20,000,000	200,000	-	(29,475)	481,346	293,756,500	100%	3,635,838	12	3,635,838	〃	
Gigabyte Technology LLC	168,000	36,119	-	642	-	-	(2,603)	168,000	100%	34,158	203	34,158	〃	
		$ 10,056,148		$ 492,568		($ 210,602)	$ 205,429			$ 10,543,543				

Note 1: Current additions include recognition of investment income of $292,568 and additional investment of $200,000.

Note 2: Current deductions include recognition of investment loss of ($91,218), appropriated retained earnings of $118,834 and losses on disposal of investments of $550.

Note 3: Other adjustments include exchange differences on translation of foreign operations amounting to ($276,549), unrealised gain on financial assets at fair value through other comprehensive income of $509,446, and recognition of changes in net equity of associates accounted for using equity method of ($27,468).

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Statement 5

Item	Balance as of January 1, 2019	Additions	Deductions	Transferred	Balance as of December 31, 2019	Guaranteed or pledged as collateral
Cost						
Land	$ 1,035,012	$ -	$ -	$ -	$ 1,035,012	None
Buildings and structures	1,643,982	8,942	(38,417)	630	1,615,137	〃
Machinery and equipment	1,031,390	14,532	(86,301)	65,864	1,025,485	〃
Other facilities	762,266	145,022	(23,803)	452	883,937	〃
Unfinished construction and equipment under acceptance	71,740	119,122	-	(71,740)	119,122	〃
	4,544,390	$ 287,618	($ 148,521)	($ 4,794)	4,678,693	
Accumulated depreciation						
Buildings and structures	(612,552)	($ 49,057)	$ 38,417	$ -	(623,192)	
Machinery and equipment	(853,665)	(70,089)	86,209	-	(837,545)	
Other facilities	(615,961)	(105,853)	23,803	-	(698,011)	
	(2,082,178)	($ 224,999)	$ 148,429	$ -	(2,158,748)	
	$ 2,462,212				$ 2,519,945	

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GIGA-BYTE TECHNOLOGY CO., LTD.
SUMMARY OF ACCOUNTS PAYABLE- NON-RELATED PARTIES
DECEMBER 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Statement 6

Name of suppliers	Amount	Note
Third parties		
NVIDIA Singapore Pte. Ltd.	$ 2,086,156	
WT Microelectronics Co., Ltd.	499,428	
Others	4,456,968	None of the balances of any supplier is greater than 5% of this account balance.
	$ 7,042,552	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SALES REVENUE
YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Statement 7

Item	Quantity	Amount	Note
Peripheral card	3,379 thousand pieces	$ 26,477,939	
Main boards	10,729 thousand pieces	25,726,263	
Computer server	462 thousand sets	8,108,302	
Others		4,473,535	None of the balances of any remaining item is greater than 5% of this account balance.
		64,786,039	
Less: sales returns and discounts		(2,402,049)	
		$ 62,383,990	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Statement 8

Item	Amount
Opening balance of merchandise	$ 140,578
Add: Purchases during the year	1,546,416
Less: Ending balance of merchandises	(185,314)
Cost transfer caused by use of merchandise	(27,355)
Cost of purchasing and selling	1,474,325
Raw materials at beginning of year	3,891,733
Add: Purchases in the year	47,241,077
Less: Raw materials at end of year	(2,952,608)
Raw materials reclassified as expenses	(1,745,902)
Loss on physical inventory for raw materials	(330,757)
Direct raw materials used	46,103,543
Direct labour	269,434
Manufacturing expense	2,611,834
Manufacturing cost	48,984,811
Add: Opening balance of work in progress	998,515
Less: Ending balance of work in progress	(1,939,178)
Work in progress reclassified for sale	(79,608)
Work in progress reclassified as expenses	(9,158)
Cost of finished goods	47,955,382
Add: Opening balance of finished goods	7,179,805
Purchases in the year	444,103
Less: Ending balance of finished goods	(3,996,519)
Finished goods reclassified as expenses	(259,024)
Cost of goods manufactured and sold	51,323,747
Cost of raw materials sold	1,745,902
Cost of work in progress sold	79,608
Cost of goods sold	54,623,582
Warranty cost of after-sale service	835,699
Inventory valuation loss	(285,156)
Operating costs	$ 55,174,125

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SELLING EXPENSE
YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Statement 9

Item	Description	Amount	Note
Wages and salaries		$ 840,845	
Export expense		441,921	
Marketing service charge		373,802	
Service charge		223,337	
Advertisement expense		166,816	
Other expenses		743,776	None of the balances of any remaining item is greater than 5% of this account balance.
		$ 2,790,497	

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GIGA-BYTE TECHNOLOGY CO., LTD.
LABOUR, DEPRECIATION AND AMORTISATION BY FUNCTION
YEARS ENDED DECEMBER 31, 2019 AND 2018

Statement 10

By function	Years ended December 31,					
	2019			2018		
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	$ 602,157	$ 2,280,630	$ 2,882,787	$ 563,971	$ 2,454,474	$ 3,018,391
Labour and health insurance fees	64,820	128,611	193,431	60,679	123,156	183,835
Pension costs	18,697	70,438	89,135	18,508	69,949	88,457
Directors' remuneration	-	52,752	52,752	-	52,646	52,646
Other employee benefit expense	25,580	79,062	104,642	25,118	78,169	103,287
Depreciation	99,870	174,363	274,233	71,021	86,155	157,176
Amortisation	5,233	78,942	84,175	14,145	121,371	135,516

Note 1: As of December 31, 2019 and 2018, the Company had 2,625 and 2,575 employees, respectively, both including 4 independent directors.

Note 2: The average employee benefit expense and the average employee salaries and wages of the Company were $1,248 and $1,320 as well as $1,100 and $1,174 for the years ended December 31, 2019 and 2018, respectively; The variation in the adjustments of the average employee salaries and wages was (6.3%) for the year ended December 31, 2019.