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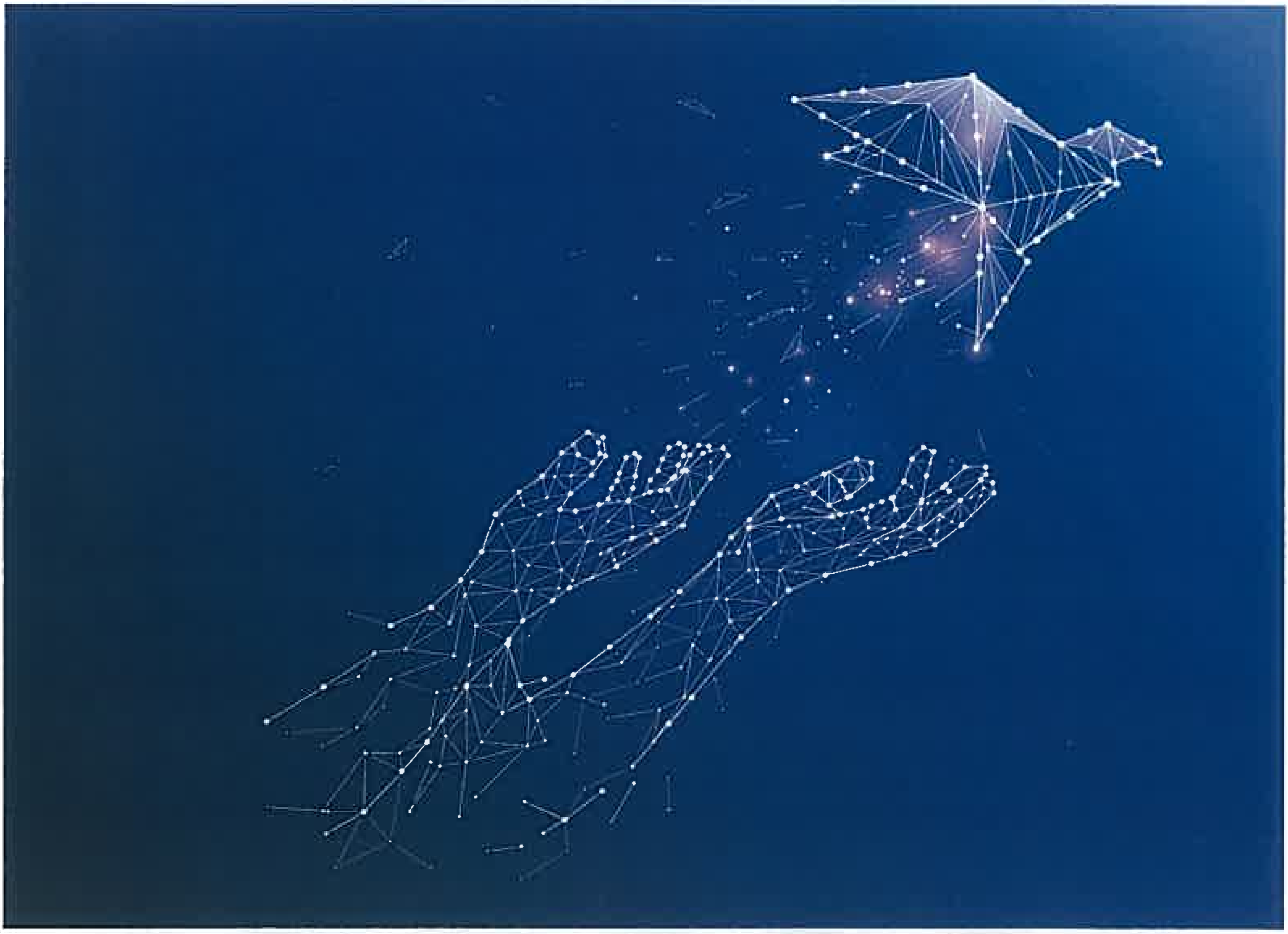
GIGABYTE™

GIGA-BYTE TECHNOLOGY CO., LTD.
ANNUAL REPORT, 2018



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One. Report to Shareholders

Dear Shareholders:

Global economy boom first then bust by end of 2018. Amid rising world trade and oil prices hovering at the upper level leading countries show strong performances in economy and trading. This is not the case after mid-year as the international financial markets hit by the America's tight monetary and balance-sheet reduction policy while global oil prices started to fall. The situation is getting worse when volume of exports to the USA by China went down due to escalating trade wars between the world top 2 economies. As a result, scores of Taiwanese enterprises began shifting their production capacity in mainland China which, in turn, slowdown global economy development even further due to pessimistic expectation over the US-China trade war.

Blown by these world market changes including soft demands for virtual currency markets beginning Q2 and shortage of Intel CPUs, consolidated sales edged up 1.73% over last year to top TWD 60 billion while net income down 7.86% the same period thanks to strong operation in gaming and high-speed cloud servers.

The 2018 operating outcomes and the summary of 2019 business plan are described as follows:

I. 2018 Business Highlights

(1) Financial and operating highlights

Unit: NT$100 million

Item	2018	2017	Difference	Percentage of Difference %)
Operating income	609.24	598.85	+10.39	+1.73 %
Gross profit	101.23	101.99	-0.76	-0.75 %
Net profit after tax of the parent company	25.67	27.86	-2.19	-7.86 %

Item		2018	2017
Financial structure (%)	Debt to total assets (%)	32.37	37.54
	Long-term capital to property & equipment (%)	597.70	636.53
Solvency (%)	Current ratio (%)	264.33	240.46
	Quick ratio (%)	151.40	177.65
Profitability (%)	Return on assets (%)	6.90	7.44
	Return on equity (%)	10.66	11.88
	Profit margin (%)	4.21	4.65
	Basic EPS (NT$)	4.04	4.41

(2) New RD/technology innovation outcomes

1. Top notch mainboard on the planet

   Z390 AORUS gaming main board launched and rocked the market with its fully digital VRM along with cutting edge cooling design to provide power management and temperature control required by the high-perform new generation 8-core Intel® Core™ i9-9900K processor when overclocking. It is designed exclusively for full-core 5GHz+ to maximize extreme performance and outstanding overclocking capabilities of new CPUs.

   Manic grade X399 series main board employs 12nm process designed whole new 2nd generation AMD Ryzen™ Threadripper™ processor, AMD TR4 sockets applicable, full-digital design providing 250W power required by 32-cores and 64-threads operation, and Fins-Array technology to improve cooling effects with tripled cooling area than its traditional counterparts.

2. Market-leading graphics card

   Debut the industry leading AORUS GeForce® RTX Turing structure graphic card. It employs GIGABYTE selected overclocking edition premium GPU and 3 patents of AORUS: industry leading innovative 3-ring RGB light effects, 3 WINDFORCE 10cm stack fans, and 7 display output ports. Combines they are bringing users not only with the zenith computing performance but also the boutique visual experience and use enjoyment.

   The industry leading 3-ring RGB light effects of AORUS are created by single fan and correlation of one LED lighting and fan speed. It may come up with any stunning lighting pattern by different LED lighting timing configuration and is unique on the graphic card market up to now.

3. Industry innovative cloud server

   GIGABYTE is availing full-spectrum of server products including:

   - the G-series for AI computing
   - the H-series for hyper-converged infrastructure
   - the S-series for big-data storage service
   - the W-series workstations exclusively designed for multi-media designer or software development engineer
   - the R-series for enterprise internal IT structure
   - the OCP computing structure compliant RACKLUTION-OP cabinet products for mass deployment at large collocation centers

   Committed to continuously innovation in high-performance servers, GIGABYTE is debuting its latest 1U server G190-G30 with support for 4 SXM2 acceleration cards featuring not only very good cooling design but also supports for 4 NVIDIA® Tesla® P100 or V100 acceleration cards with NVLink™ inline schema. Regarding inline transmission among GPUs, the NVLink™ technology comes with still better band width and connection structure over PCIe. Single NVIDIA® Tesla® V100 acceleration card runs 10 folds as fast inter-connection speed than existing PCIe 3.0 by its 6 NVLink™ connection to give one-way bandwidth at 25GB per second and total two-way bandwidth at 300GB per second. High speed bandwidth plus much shorter latency eliminates the data transmission bottleneck suffered by inter-connected GPUs and provides denser parallel computing capacity.

4. AI gaming notebook

   Aligned with Microsoft, the leading AI company, GIGABYTE is launching the world first notebook featuring Microsoft Azure AI learning. High performance notebooks come with countless use modes being hard for users to choose the one suitable for desired software or game. This hampers users from selecting the optimum operation environment and result in either poor performance or wasted heat and noise by the computer. Base one user agreement, an AERO notebook may auto identify program now in use and upload it to Microsoft cloud for machine learning to get and send back the best system settings for running the program including CPU, GPU, keyboard backlight, fan, and audio. This enables users to have perfect high-performance use environment every time the notebook is started for productivity tasks or gaming in future.

   The world first 5mm micro frame and X-Rite™ Pantone® color calibration certification. The X-Rite™ Pantone® is global recognized color system supplier and accepted by designers, manufacturers, retailers, and consumers accepted as the standard of color definition and the universal language adopted by the design industry. Every AERO 15X notebook by GIGABYTE is color calibrated with X-Rite™ Pantone® calibration equipment before delivery to ensure precision representation of the original color and enable designers to focus on their perfect art world.

5. Champion of Super Micro PC Brix™

   By re-examining the essence of desktop computers and re-defining their values, engineers at GIGABYTE combine innovative ultra-compactness and aluminum enclosure with enriched texture of hairlines into a presentation of style, simplicity, and convenience for various applications in different market segment including home, business, and education. Accompanied with wide range of Intel® Core processors different models of BRIX not only meet consumers' computing device requirements at varying budgets but also set standard for full-function, high performance, and minicomputer. This sets BRIX ideal for small HTPC or multimedia system, suitable for home, office, and education environment, as well as good for commercial display like outdoor digital signage.

6. Endless Awards Gaming Peripherals

   Industry shocking and world first tactical gaming monitor AORUS AD27QD by GIGABYTE.

   Integrating multiple GIGABYTE exclusive and patent protected technology, the AORUS AD27QD display features 178 degree ultra-wide angle viewing range, 10-bit fine color, 95% DCI-Product super-wide color domain display, and VESA certified DisplayHDR 400 compliant high-dynamic range display technology to give you unprecedented gaming image quality.

   Based on the concept of eagle's diving down on its preys the monitor is designed with a central corner column looks like an eagle overlooking its territory and posing as the king of the sky. The innovative digital LED RGB light effects along with the AORUS exclusive RGB Fusion software control it reproduces the shocking impression of an eagle winging down to kill its preys on the ground!

   The world's first – GIGABYTE exclusive tactical function!

II. Summary of 2019 Business Plan

(1) Market

Thanks to electronic gaming's gradually morphing into official sports and escalating race scale and development the total output is set to soar in 2019. The flagship brand, AORUS, of GIGABYTE is to penetrate markets vertically and horizontally by injecting more resources to develop player-centered, personalized, smart, innovative, intelligent, high-performance, simple and easy to use products as well as to top and lead the global gaming markets. Demands of cloud and AI appear robust in the cloud server markets, GIGABYTE has been working hard on the R&D and integration of smart cloud services and providing the best solutions in various application services first piece inspection big data, AI computing, and hyper-converged infrastructure. With wide acceptance and recognitions by target customers, they are to push further growth in sales and profit.

(2) Product

GIGABYTE is projected to develop diversified new generation product and service in the following segments. To name a few. Open platform: AORUS gaming boutiques, high-end main board series, super lasting professional graphic card, shining and sophisticated computer peripherals, and world first tactical gaming monitor. System platform: ultra-compact PC Brix and AI notebook. Cloud application: AI computing, hyper-converged infrastructure, big data storage service, enterprise IT structure, and other server products. Smart application: smart identification device, optoelectronic integration applications, automotive electronics and IoT application system solutions. GIGABYTE is continuing in integrating hardware and software, adding new product elements to meet satisfy different user groups.

(3) Marketing

AORUS will continue to lead the gaming markets with enthusiastic and amazing products and combine new product line into dreamy gaming space to drive player interactions into next level as well as to provide the most suitable products and services through precise marketing and close contact with each consumer.

(4) Sales Channel Establishment

Expand into business model of B2B2C, strengthen existing channel marketing while cooperating with e-commerce platform for more sales and guided sales, and undergo precision segmentation marketing and services to grow brand and operational performance by leading competition into assistance.

(5) Manufacture

Faced with uncertainties brought by Sino-American trade war, worsening shortage of manpower in Taiwan, rising production costs in mainland China, GIGABYTE is to push for more automated and smarter production to save manpower in coming years and reduce trade risks in the long run.

(6) Service

With dawning new generation of AI, the cyber-physical combined smart and full-channel service mechanism is precision-focusing on customers for lasting and good relationship. With innovative technologies including new retailing and customer service smart robots, GIGABYTE is to further improve customer satisfaction and deliver values committed at speed faster than in the past.

(7) Social Responsibility

GIGABYTE is pursuing sustainable development based on its vision of "Better life with innovative technology". The 4 dimensions of sustainable growth, operation, product, environment, and community, is aimed to develop low carbon technology with its outstanding R&D and innovative capacity. In addition to multiple Taiwan Enterprise Sustainability Awards in 2017 and iF design award for its environment friendly package of renewable crop fiber in 2018, GIGABYTE is committed to create sustainable values for itself, the environment and the society and achieve the goal of mutual benefits with environment friendly products and services and community caring mindset.

III.Future development strategy, impact from outside compete environment, regulation environment and overall operation environment:

1. The advantage element for company operation

(1)The Sino-America trade negotiation looks rosy now. In case the US would further cut tariffs GIGABYTE may have better chance to allocate overall capacity.

(2)Gaming races are increasingly marching into the mainstream sports. With products focused in gaming motherboards, graphic cards, notebook, and peripherals, the fast growth of global gaming output (world gaming market size may soar over USD1.65 billion by 2021), sales volume of GIGABYTE is set to be benefited.

(3)The coming 5G era is pushing high-speed computing servers and edge computing into the mainstream of the market. Trailing the fast growth in the field of network communication equipment in recent years, GIGABYTE is to invest more in this segment and drive its revenue and profit upward.

2. The disadvantage element for company operation

(1)Global economy is expected to remain flat or nudge downward in 2019. Steps adopted by the USA to reshaping new global trade orders is hampering growth of global trade, and so does to operation of GIGABYTE.

(2)The FED is expected to change the monetary tightening policy and suspend interest rate hikes which may, in turn, result in boxed appreciation of local currency and negative impact on operation of export-oriented companies including GIGABYTE.

(3)Continuous threats of labor, water, and electricity shortage are hampering GIGABYTE in allocating capacity to adapt to US-China trade war which, in turn, affects its operational competitiveness.

3. Company's Future Development Strategy

(1)Vertical invest in full range of AORUS gaming peripherals to provide players product experience of integrated solutions.

Further to existing mainstream AORUS products of gaming motherboards and graphic cards, GIGABYTE is actively developing full range of AORUS gaming peripherals with excellent firmware and highly integrated performance as well as RGB DRAM memory module and the world's first tactical gaming display AD27QD to perfectly fit player expectation. Bringing players with ultimate and unparalleled game experience by integrating and sharing system resources while immersing them in fast and fierce virtual gaming world and feasting them with undreamable dreams by absolute sensory stimulation!

(2)Meet the 5G era and shape up high-speed AI cloud full-service server product line.

5G is nothing but AI and high-speed cloud. GIGABYTE is committed to continue building up full line of high-speed AI cloud servers required by AI computing, hyper-converged computing, big data storage services, multimedia software development and design and internal IT architecture and siege beachhead in future cloud server development. GIGABYTE is to investing in edge computing technology R&D for application in relevant products which not only assist customers with instant feedback on anomaly but also pre-process huge amount of data collected to improve overall data processing efficiency and raise product value.

(3)Integrate opto-mechatronics series of products to build up GIGABYTE opto-mechatronics product dominance.

Opto-mechatronics product integration is the key direction of mid- and long-term development of GIGABYTE. In addition to existing motherboard, graphic card and server products, it is also investing in the R&D of 3D face recognition, automotive motor products and industrial computers. GIGABYTE is set to expand its scope of opto-mechatronics relevant products and integrate group product resources to shape up its opto-mechatronics dominance.

(4)Actively invest in the venous industry to care the earth.

GIGABYTE shall invest in venous recycling system integration for its own products. That is, while working on new product R&D it is to recycle older ones for re-use in responsible manner. With the help of existing maintenance network, GIGABYTE is to recycle and sort products for dismantling and patching up and maintain its vision of sustainable development and caring the Earth.

Looking into the future, GIGABYTE will continue marching in the direction of branding, R&D and innovation, and sustainable development to create profit, share with stakeholders, benefit the world, and feedback to our society.

Wish You Health and Happiness.

Dandy Yeh
Chairman

Chairman: Pei-Cheng Yeh CEO: Ming-Hsiung Liu CFO: Chun-Ying Chen

Two. The Company

I. Date established: April 30, 1986

II. Company History

March 1986	Gigabyte Industrial Co., Ltd. established with NT$700,000 in paid-in capital. Commenced manufacturing and sale of motherboards.
September 1986	Capital increased to NT$5 million; relocated to Xinyi Road in Taipei.
August 1987	R&D and international sales departments established for proper control of product R&D and expansion of global marketing network. Relocated to Ren-ai Rd. Sec. 4.
November 1987	Successfully developed the new 2MB EMS card product. Focus now on the development of high value-added products.
March 1989	Successfully developed the new 8MB EMS card product. In-house R&D capability recognized by the market.
May 1989	Entered into agreement with AMI, a US company, on the 386 BIOS. The improvement to hardware and software integration helped increase future market share.
June 1989	Company name changed to "Gigabyte Corporation".
September 1989	Purchased and relocated to new plant site at 4F No. 3 4F Alley 6, Lane 45, Baoxing Rd., Xindian City.
March 1992	Purchased additional workshop space on 4F and 5F of No. 9, Alley 6, Lane 45, Baoxing Rd., Xindian City, to accommodate new production capacity.
July 1993	Joint venture with Intel for the development of Pentium motherboards. R&D capacity recognized by the industry again.
March 1994	Signed agreement with Award Software Inc., a US company, for the right to use its BIOS.
October 1994	Our Pentium motherboard was recommended by PC Magazine in the US as the Editor's Choice. This represented recognition by the international media on the reliability of our product.
March 1996	Passed ISO-9002 quality system certification by RWTUV of Germany.
July 1996	Public offering of company stock approved.
December 1996	Xindian plant relocated to Pingzhen City in Taoyuan County and commenced operations. The new site has 9,585m^2 of floor space and the latest automated production equipment.
November 1997	Presented with the "6th Fine Product of Taiwan Award" by CETRA.
August 1998	Approval granted for investing in a new plant in China by the Board of Investment of Ministry of Economic Affairs.
September 1998	Successfully listed on the TSE at NT$172.5 per share.
November 1998	Presented with the "Fine Product of Taiwan Award" for a second time. This was the first time that the award had ever been presented a second time to the same company for the same product.

November 1998	Dongguan Gigabyte Electronics Co., Ltd. established for the manufacturing of computer/IT products and parts.
January 1999	Revolutionized the motherboard industry with the launch of patented Dual BIOS technology.
June 1999	Ranked 41 by the US *Business Week* magazine among the world's top 100 IT companies.
September 1999	GA-BX2000 and GA-660 ranked No. 1 by the PC Magazine in the Netherlands.
April 2000	New corporate headquarters at No. 6 Baoqiang Rd. in Xindian completed and put into service.
June 2000	Retained earnings were capitalized increasing paid-in capital to $3,281,352,600.
July 2000	GDRs (30,000,000 shares of common stock) issued for cash capital increase. The GDRs were offered to the public in Luxemburg on July 17 and paid-in capital subsequently increased to $3,581,352,600.
September 2000	Pingzheng 2nd Plant and Nanping Plant completed.
October 2000	Gigabyte formed a strategic alliance with Conventive Advance, a Linux vendor, and jointly announced the "Appliance Server" and "IU Rackmount Server" for the Linux platform. The two new products were designed to provide small and medium enterprise users as well as general users with powerful and highly efficient total network solutions.
March 2001	Successfully issued US$115 million in ECB.
March 2001	Gigabyte Ningbo Co., Ltd. established for the manufacturing of computer and IT products.
June 2001	Presented with the "1st Outstanding Promotion of Fine Taiwan Product Award".
June 2001	Gigabyte Maintenance Ningbo Ltd. established for the maintenance of computer and IT products.
June 2001	Gigabyte International Trading Ningbo Co., Ltd. established for the importing and exporting of computer/IT products and parts.
September 2001	Won the Gold Mind Award at the "2001 National Inventions Exhibition".
September 2001	Gigabyte and the Legend Group of China set up a joint venture in Hong Kong to engage in Contract Electronics Manufacturing (CEM). This expanded our production capacity, reduced production costs and increased competitiveness.
January 2002	Gigabyte became the only motherboard maker in Taiwan to receive the "Fine Product of Award" for five consecutive years.
March 2002	GDRs converted by bearers into 291,886 common shares, increasing paid-in capital to NT$4,594,133,440.
May 2002	Presented with the "National Product Image Award".
May 2002	Held new product conference for the announcement of P4, Maya display card, ZYGMA and IA products.

June 2002	Presented with a number of product awards from online media in New Zealand, Hungary, Russia, the U.S., Denmark, Singapore, the U.K., Germany and France.
January 2003	Wireless communications R&D team formed at Tainan Science-based Industrial Park.
March 2003	Established Russia Office in Moscow.
June 2003	Hosted joint conference announcing all of the products for 2003 from three business units.
June 2003	Set up Ningbo Zhongjia Technology & Trading Co., Ltd. to handle all sales in China.
October 2003	Ningbo plant completed and commissioned. The plant is used for motherboard manufacturing as well as IA and system assembly.
December 2003	Gigabyte voted the champion of the "Superior Products of the Year" for three consecutive years.
May 2004	Hosted product conference for the G-MAX series of new products that "Transcend the Limit".
May 2004	Gigabyte Communications Inc. established for R&D and sales of communications products.
July 2004	G-MAX NB-1401 won the "National Image Product Gold Award", the top industry award.
October 2004	Gigabyte was once again recognized by the industry at the 15th "National Quality Awards".
December 2004	Gigabyte award ceremony at the National Quality Awards.
January 2005	Gigabyte became the only company to achieve 100% win rate at the Taiwan Excellence Awards for 8 consecutive years.
March 2005	Launched the AirCruiser G Desktop Router, the world's first 54 Mbps PCI wireless router.
March 2005	Presented the first Gigabyte-designed streamlined cell phone at CeBIT 2005.
June 2005	Notebook computer and expandable wireless base station presented with the "13th National Product Image Award", making this the 4th consecutive year that Gigabyte has won this award.
December 2005	Gigabyte releases the Windows Mobile 5.0 PDA, the first to feature TV service.
December 2005	Launched the Gigabyte g-Cam, the first mobile phone with 7-Megapixel camera.
December 2005	First company to pass IECQ QC 080000 certification.
January 2006	Gigabyte, the leader in digital home motherboards, released the first motherboard in the world designed for Intel Viiv technology.
March 2006	Gigabyte's full product line-up attracted much attention at CeBIT 2006 in Hannover. For its 20th anniversary, the Company has successfully diversified into a variety of different fields.
March 2006	Gigabyte Communications partnered with Synergy Technology (Asia) to launch the g-Smart PDA running Windows Mobile 5.0 with TV support as well as the g-Cam, the first mobile phone with a 5-Megapixel CCD camera.

April 2006	New dual-core series of notebook products launched at Gigabyte product conference.
June 2006	The W251U notebook named Best Choice of Computex with its creative, user-friendly, slim and stylish design.
August 2006	Gigabyte presented with the 14th Gold Award Products of Taiwan special award for "Distinguished Performance Manufacturer --- with more than 100 Awards on Outstanding Products over the years". Five products also won the Silver Award, an unprecedented feat.
August 2006	Named "Outstanding Brand of Taiwan" by the Ministry of Economic Affairs for 2 consecutive years.
October 2006	Gigabyte won the National Design Award- Product Design Gold Award with its G-Pad, a cooling device for notebook PCs.
October 2006	Gigabyte won the Good Design Award in Japan with its g-Smart i and W251U.
November 2006	Successfully issued US$100 million in ECB for a second time.
December 2006	Gigabyte Education Foundation held the 5th G-DESIGN Contest. The contest was officially renamed as the G-DESIGN Wild Thoughts Contests starting this year.
December 2006	Gigabyte United Inc. established. The new subsidiary takes over the existing Gigabyte branded channel desktop PC motherboard an display card business.
May 2007	Gigabyte's GV-NX76T256-RH graphics card won Best Choice at COMPUTEX Taipei 2007
June 2007	Gigabyte achieved a 100% win rate for 10 consecutive years at the 15th Taiwan Excellence Awards
July 2007	GIGABYTE named a Taiwan TOP 20 Global Brand for the 4th consecutive year
July 2007	GIGABYTE GSmart t600 PDA Phone won the Taiwan Excellence Gold Award
December 2007	GIGABYTE G-Pad, Roll Pad won the iF Product Design Award 2008.
April 2008	Gigabyte wins the 16th Taiwan Excellence Award for the 11th consecutive year.
May 2008	The Multi-Media IP-TV Box Glee Cube won the grand award in "Taiwan Golden Award 2008". Both the notebook cooler pad "Roll Pad" and smart phone "GSmart MS820" also won the "2008 Taiwan Excellence Award Silver Medal".
August 2008	Board Meeting approved the merger of "Gigabyte" motherboard and graphic card subsidiary "Gigabyte United Inc." effective from October 1.
October 2008	GA-EP45-UD 3P series P45 motherboard with "Ultra Durable 3" technology released.
November 2008	Strategic alliance of Gigabyte, Intel and Chunghwa Telecom launches the first MID (Mobile Internet Device) ---GIGABYTE M528.

April 2009	Gigabyte launched the Booktop M1022M, an innovative multi-purpose portable notebook that can be transformed into PC by using a plug and play dock.
April 2009	Gigabyte Intel X58 series motherboard authorized by n-Vidia to use SLI technology for increased graphical performance.
June 2009	Gigabyte ranked 19th in the “2009 Taiwan Info Tech 100” for its innovative value.
October 2009	Gigabyte’s Booktop M1022 awarded the “2009 Golden Pin Design Award”, making it the only laptop winner.
November 2009	Gigabyte is the first in the industry to roll out a USB 3.0 SATA 6 Gbps solution based on AMD platform.
December 2009	At 18th “Taiwan Excellence Award”, Gigabyte achieved a 100% win rate for 12th consecutive years.
January 2010	Gigabyte’s USB motherboard is the first to receive the USB-IF certification.
February 2010	Gigabyte rolls out its first P55 chipset UD7 mother board.
March 2010	Gigabyte rolls out the industry’s lightest laptop and a Netbook powered by Intel’s latest Pine Trail-M platform.
April 2010	Gigabyte is the first in the industry to roll out a mother board that possesses iPad USB power supply functionality.
July 2010	Gigabyte is the first in the industry to roll out a Mini-ITX motherboard featuring USB 3.0.
September 2010	Gigabyte ranked 17th in a survey of international Taiwanese brands value.
December 2010	At the 19th “Taiwan Excellence Award”, Gigabyte achieved a 100% win rate for the 13th consecutive year.
January 2011	Gigabyte rolls out new generation of motherboards that support Intel Core Duo (Sandy Bridge) processors.
February 2011	Gigabyte announced a new G1-Killer gaming motherboard, providing gamers superior graphics, superior audio, superior speed, and superior durability for ultimate performance.
March 2011	Gigabyte X58A-OC motherboard is the world's first motherboard designed specifically for overclocking. Gigabyte K8100 gaming keyboard won the Red Dot design award in Germany.
April 2011	Gigabyte GA-X58A-UD9 won the “19th Taiwan Excellence Awards Silver Medal”.
May 2011	Gigabyte G1 Assassin won the "Innovation and Design Award" at the 2012 Taipei International Computer Show.
July 2011	GIGABYTE named one of the 100 major brands in Taiwan.
November 2011	Gigabyte Education Foundation recognized for service to social education by the Ministry of Education.
January 2012	At the 20th “Taiwan Excellence Award”, Gigabyte achieved a 100% win rate for the 14th consecutive year.
February 2012	GIGABYTE passed AEO certification.

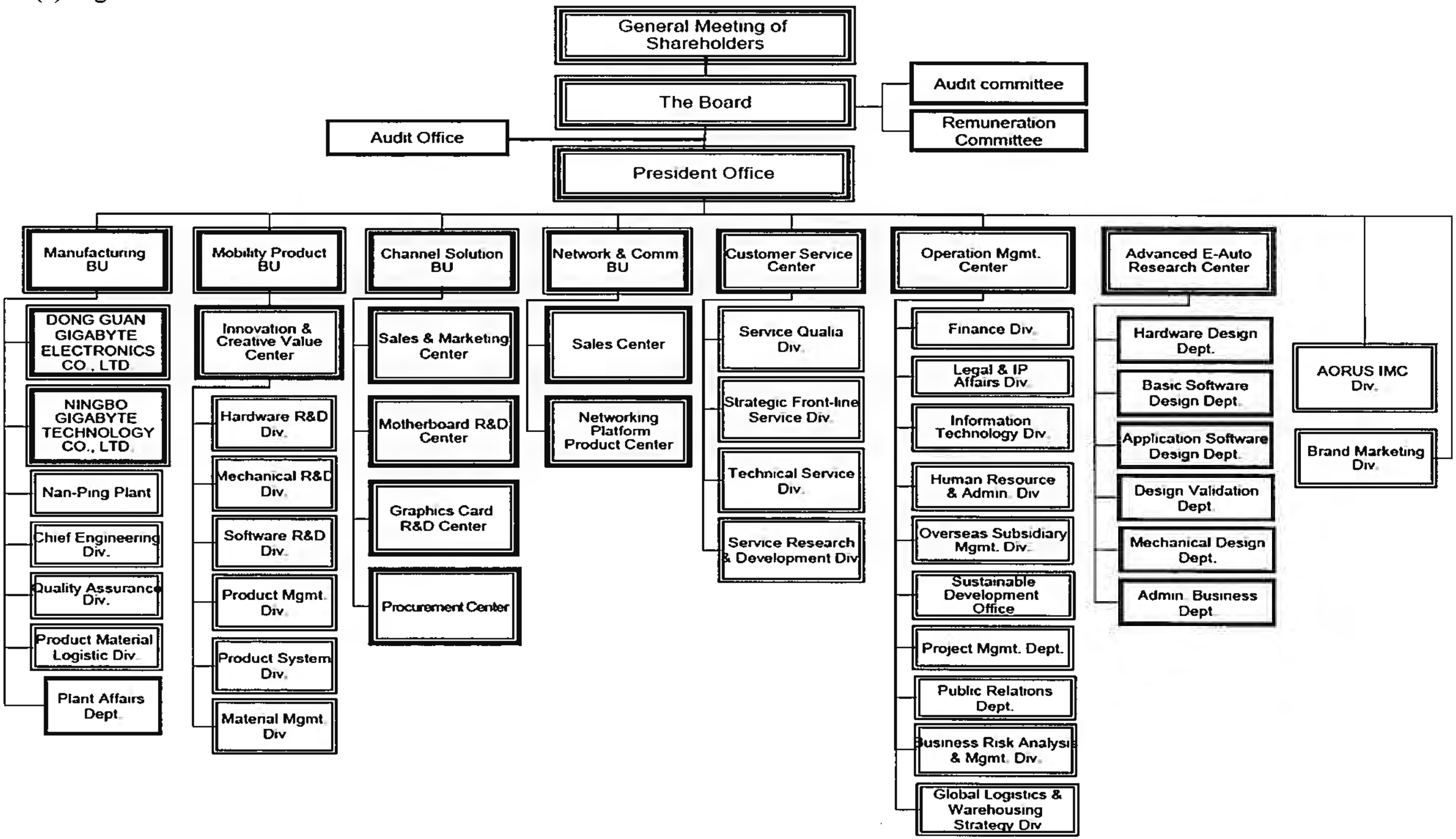
October 2012	In the Survey on Taiwan's International Brands (2012), conducted by Interbrand, managed by the Taiwan External Trade Development Council, and sponsored by the Ministry of Economic Affairs, Gigabyte proved its solid brand prestige, ranking 22nd among Taiwan's international brands.
November 2012	Gigabyte participated in the Best Business Paradigm Award sponsored by the Taoyuan County Government and received "Sensible Workplace – Best Business Paradigm Award."
December 2012	At the 21th "Taiwan Excellence Award", Gigabyte achieved a 100% win rate for the 15th consecutive year.
December 2012	The Company was awarded the Corporate Sustainability Award of Industry Elite Award in the information products and services category by the Industrial Development Bureau, MOEA.
April 2013	Gigabyte's Aivia Neon won Germany's 2013 Red Dot Product Design Award.
April 2013	Gigabyte's P2542G gaming notebook and GTX 680 performance display card won the Silver Medal at the 21st Taiwan Excellence Awards.
June 2013	Gigabyte won the Innovation Design Award at Computex 2013.
December 2013	At the 22nd "Taiwan Excellence Award", Gigabyte achieved a 100% win rate for the 16th consecutive year.
December 2013	The Company received the "2013 Carbon Reduction Mark Superior Award" from the Environmental Protection Administration, Executive Yuan
April 2014	Gigabyte's BRIX super-micro PC system won the Silver Medal at the 22nd Taiwan Excellence Awards.
August 2014	Gigabyte won the New Star Award in the large-scale enterprise category in the 2014 *CommonWealth Magazine* "Corporate Citizenship Awards".
October 2014	Gigabyte won the Taoyuan County Government "8th Taoyuan Excellent Enterprise Award" and "2014 Excellent Employer Award".
November 2014	Gigabyte won the "Taiwan CSR Report Awards - Bronze Medal, Large Enterprises, Electronics Industry II" and "TCSA Climate Leadership Award".
December 2014	The "AORUS X3 Plus" 13" e-sports notebook and "GA-Z97X-Gaming G1 Multimedia Motherboard" were recognized at the 23rd Taiwan Excellence Awards.
March 2014	"AORUS Thunder K7 and M7" received the 2015 Red Dot Design Award in Germany
May 2015	Top 30th enterprise and top 7th enterprise in technology and traditional industries according to the CSR Survey by *Global View Magazine.*
June 2015	Excellence in the private sector category of the National Environmental Education Awards.
June 2015	"AORUS X5" won the COMPUTEX BC Award and D&I Award

December 2015	Perfect Score! 100% winning rate at the "Taiwan Excellence Awards".
January 2016	"AORUS X5 15-inch Gaming Laptop" and "AORUS X7 D.T. 17-inch Gaming Laptop" won the CES Innovation Award.
May 2016	Ranked Taiwan's top 40th enterprise and top 16th enterprise in the electronics industry in the CSR Survey by *Global View Magazine*.
December 2016	The AERO 14 and AROUS X7 DT gaming notebooks won the 25th Taiwan Excellence Awards. Total strike, perfect performance!
May 2017	The BRIX VR won the 2017 COMPUTEX d&i Award.
May 2017	Ranked Taiwan's top 40th enterprise in the Model Enterprise in the electronics industry according to the CSR Survey by Global View Magazine.
November 2017	"AORUS X9 Gaming Laptop" wins the CES 2018 CES Innovation Award.
December 2017	"X299 AORUS Gaming 9 Top Gaming Motherboard" wins the 26th Taiwan Excellence Silver Award.
December 2017	The company wins the 10th Taiwan Corporate Sustainability Awards (TCSA) Recognizing "Taiwan Top 50 Corporate Sustainability Prize", "Climate Leadership Awards" and the "Gold Award from the Taiwan TOp50 Corporate Sustainability Report Awards".
February 2018	AORUS X7 Packaging featuring recycle fiber of plant and Environmental protection wins iF World Design Award 2018.
November 2018	The company wins the 11th Taiwan Corporate Sustainability Awards (TCSA) Recognizing "Taiwan Top 50 Corporate Sustainability Prize", "Climate Leadership Awards" and the "Gold Award from the Taiwan TOp50 Corporate Sustainability Report Awards".
March 2019	"Z390 AORUS XTREME WATERFORCE Motherboard" wins the 2019 Red Dot Design Award.
April 2019	"X399 AORUS XTREME Top Gaming Motherboard " wins the 27th Taiwan Excellence Award.

Three Corporate Governance Report

I. The Organization System

(1) Organization chart



(2) Major functional departments:

Office of the President	Coordinate the operation and management of the Company, map out and implement the objectives for corporate development and business plans.
Auditing Office	Investigate and evaluate the viability, reasonability and effectiveness of the Company control systems.
Operations Management Center	Coordinate the functions of finance, accounting, share registration, budgeting, general affairs, legal affairs and the maintenance of computer system, software and hardware.
Operations Management Center-Sustainable Development Office	An office for corporate social responsibility (CSR) strengthens the green supply chain management (GSCM), assists the business unit with the development of low-carbon technology for the dedication of developing low carbon products, thus promoting sustainable development in accordance with high ethical standards and norms.
Manufacturing BU	Responsible for the production and manufacturing of computer mainboards, display cards and Internet products, and the assembly of PC systems.
Channel Solution BU	Responsible for design and R&D and sales of motherboard, multimedia products and video adapter.
Network & Comm. BU	BU Responsible for design and R&D and sales of Network and Communication products and ODM products.
Mobility Product BU	Responsible for design and R&D of notebook products.
Customer Service Center	Responsible for nationwide and worldwide after-sales support and service for all products.
Advanced E-Auto Research Center	Responsible for automated driving assistance and fleet management systems design and development of high value-added safety assisted driving kits and car networking products.

II. Profiles of directors, supervisors, the president, vice president, managers, heads of departments and branches

(I) Profiles of directors (1)

April 14, 2019

Title (Note 1)	Nationality/ Registration	Name	Gender	Elected date (Note 2)	Tenure	Initial date of office	Shareholdings at the time of elected office		Current shareholdings		Representative Current shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company or in other companies	Spouse or relative at the 2nd level under the Civil Law who is also an executive, director, or supervisor of the Company		
							Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name	Relationship
Chairman	Republic of China	Yeh, Pei-Chen	Male	June 11, 2018	3 years	April 30, 1986	30,151,237	4.74%	30,151,237	4.74%			5,821,063	0.92%	-	-	College graduate; Ming Hsin Engineering College	President of Gigabyte Chairman of Chi-Ga Investment Communications INC Director Representative of G-Style Director Representative of Giga-Trend International Management Group Ltd. Chairman of Giga-Trend International Investment Group Ltd. Chairman of PG Union Director Representative of Walsin Technology Corporation Director Representative of BYTE International Co., Ltd. Director of Albatron technology CO., LTD. Director of Chun electronics co., LTD.	-	-	-
Vice chairman	Republic of China	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung	Male	June 11, 2018	3 years	April 12, 2006	14,062,200	2.21%	14,062,200	2.21%	41,168,918	6.48%	3,822,579	0.60%	-	-	EMBA, College graduate; National Cheng Chi University	Executive VP at Gigabyte Director Representative of Chi-Ga Investment Director Representative of Giga-Byte Communications INC. Director Representative of G-Style Chairman of Giga-Trend International Management Group Ltd. Director of Info-Tek Corporation Director Representative of Giga-Trend International Investment Group Ltd. Director Representative of Hui Yang Venture Capital Co., Ltd. Supervisor Representative of BYTE International Co., Ltd. Director Representative of JM Material Technology, Inc. Supervisor Representative of Senyun Precise Optical Co.,Ltd Director Representative of QSan Technology, Inc. Director Representative of Yuncheng Ltd.	-	-	-

Title (Note 1)	Nationality/ Registration	Name	Gender	Elected date (Note 2)	Tenure	Initial date of office	Shareholdings at the time of elected office		Current shareholdings		Representative Current shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company or in other companies	Spouse or relative at the 2nd level under the Civil Law who is also an executive, director, or supervisor of the Company		
							Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name	Relationship
Director	Republic of China	Shi Jia Investment Co., Ltd. Representative: Ma, Mou-Ming	Male	June 11, 2018	3 years	April 12, 2006	3,959,725	0.62%	3,959,725	0.62%	23,673,383	3.72%	470,914	0.07%	-	-	University graduate; Electronic & Computer Engineering, National Taiwan University of Technology	Gigabyte Executive VP Director Representative of Chi-Ga Investment Director Representative of Giga-Byte Communications INC. Chairman of G-Style Director of Giga-Trend International Investment Group Ltd.	-	-	-
Director	Republic of China	Yuei-yei Kai Fa Investment Limited. Representative: Tseng, Chun-Ming	Male	June 11, 2018	3 years	June16, 2009	2,192,200	0.34%	2,192,200	0.34%	4,385,647	0.69%	288,846	0.05%	-	-	College graduate; Ming Hsin Engineering College	Gigabyte Executive VP Director Representative of Giga-Byte Communications INC. Chairman, Intelligence Precision Co., Ltd.	-	-	-
Director	Republic of China	Shi Da Investment Limited Representative: Ko, Cong-Yuan	Male	June 11, 2018	3 years	June 18, 2012	9,453,000	1.49%	9,408,000	1.48%	-	-	45,000	0.01%	-	-	Master of Engineering Management, Tsinghua University	President of Albatron technology Co., Ltd. Supervisor Representative of Chun electronics Co., Ltd.	-	-	-
Director	Republic of China	Xi Wei Investment Co., Ltd. Representative: Li, E-Tay	Male	June 11, 2018	3 years	June 11, 2018	9,063,075	1.43%	9,063,075	1.48%	6,062	0.00%	-	-	-	-	California State University (CSU), Chico Master of Computer Engineering	Gigabyte General Manager of BU Chairman of Gigaipc Co., Ltd.	-	-	-
Independent Director	Republic of China	Wang, Hwei-Min	Male	June 11, 2018	3 years	June 11, 2018	-	-	-	-	-	-	-	-	-	-	Chung Hua University Master of Industrial Management	Chairman, Moores Rowland CPAs Moores Rowland International, Taiwan Head Supervisor of Phison Electronics Corp.	-	-	-
Independent Director	Republic of China	Chan, Yi-Hung	Male	June 11, 2018	3 years	June 17, 2015	-	-	-	-	-	-	1,102	0.00%	-	-	California State University, Fullerton EMBA, National Chengchi University	Chairman, Taisun Enterprise Co., Ltd. Supervisor, INFO-TEK Corporation	-	-	-
Independent Director	Republic of China	Huang, Wen-lai	Male	June 11, 2018	2 years	June 15, 2016	-	-	-	-	-	-	-	-	-	-	Department of Electronics, Ming Hsin Engineering College	Chairman, Pharmally International Holding Co., Ltd. Chairman, M Development Limited (SGX-N14), Singapore Chairman, Xiamen Sharing Group Co., Ltd. Chairman, Hong Kong Liyi Electronics Co., Ltd.	-	-	-

The Major Shareholder of Institutional Shareholders April 14, 2019

The Name of institutional shareholders	Major shareholder	Proportion
Ming Wei Investment Co., Ltd.	Liu, Keng-Wei	40.00%
	Liu, Hsiao-Yu	40.00%
	Yang, Hsueh-Ching	10.00%
	Liu, Ming-Hsiung	9.99%
Shi Jia Investment Co., Ltd.	Ma, Shih-Jie	93.33%
Yuueyeh Development Investment Limited.	Tseng, Chun-Ming	95.00%
Shi Da Investment Limited	Ko, Cong-Yuan	80.00%
Xi Wei Investment Co., Ltd.	Yeh, Pei-Chen	27.50%
	Tsai, Li-Mei	27.50%
	Yeh, Yu-Chang	15.00%

Profiles of Directors (2)

April 14, 2019

Qualification / Name (Note 1)	Have more than 5 years of experience and the following professional qualifications			Status of independence (Note 2)										As independent director to other IPO companies
	Lecturer of the above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	Passed the qualification examination with proper licensing by the national government as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Commerce, law, finance or as required by the Company	1	2	3	4	5	6	7	8	9	10	
Yeh, Pei-Chen			✓				✓	✓	✓	✓	✓	✓	✓	
Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung			✓				✓	✓	✓	✓	✓	✓		
Shi Jia Investment Co., Ltd. Representative: Ma, Mou-Ming			✓				✓	✓	✓	✓	✓	✓		
Yuei Yei Development Investment Ltd. Representative: Tseng, Chun-Ming			✓				✓	✓	✓	✓	✓	✓		
Shi Da Investment Limited Representative: Ko, Cong-Yuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Xi Wei Investment Co., Ltd. Representative: LI, E-Tay			✓				✓	✓	✓	✓	✓	✓	✓	
Wang, Hwei-Min		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Chan, Yi-Hung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Huang, Wen-lai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Note 1:The number of fields may be adjusted depending on the content.

Note 2:Respective director and supervisor who meet the following qualifications 2 years before assumption of office or at the time of assumption office shall put a "✓" in the appropriate space.

(1) Not an employee of the Company or its affiliates.

(2) Not a director or supervisor of an affiliate of the company (except for independent directors of the company or its parent company or a subsidiary established in accordance with this Act or the local laws).

(3) Not a natural person itself, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the bank or among the top 10 natural person shareholders.

(4) Not a spouse, kindred at the second tier under the Civil Code, or the next of kin within the fifth tier under the Civil Code as specified in (1) through (3).

(5) Not a director, supervisor or employee of an institutional shareholder who holds more than 5% of the outstanding shares issued by the bank, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders.

(6) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relation with the bank.

(7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the bank or a spouse to the aforementioned persons. However, members of remuneration committee who perform their duties according to Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter are exempt.

(8) Not a spouse or kindred at the second tier under the Civil Code to any other director.

(9) Not under any of the categories stated in Article 30 of the Company Act.

(10) Not being elected as representative to the government or an institution under Article 27 of the Company Act.

(II) Profiles of the managers

April 14, 2019

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2nd level under the Civil Law		
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Quantity	Proportion	Quantity
President of Gigabyte	Republic of China	Yeh, Pei-Chen	Male	Mar. 15, 1986	30,151,237	4.74%	5,821,063	0.92%	-	-	College graduate, engineer at ITRI	Chairman, Chi-Ga Investment Chairman, Giga-Byte Communications INC. Director Representative, G-Style Director Representative, Giga-Trend International Management Group Ltd. Chairman, Giga-Trend International Investment Group Ltd. Chairman, PG Union Director Representative, Walsin Technology Corporation Director Representative of BYTE International Co., Ltd. Director of Albatron technology CO., LTD. Director of Chun electronics co., LTD.	-	-	-
Executive VP of Gigabyte President of Channel Solution BU	Republic of China	Liu, Ming-Hsiung	Male	Mar. 15, 1986	41,168,918	6.48%	3,822,579	0.60%	-	-	EMBA, College graduate, engineer G-COLOR ENTERPRISE CO., LTD.	Director Representative, Chi-Ga Investment Director Representative, Giga-Byte Communications INC. Director Representative, G-Style Chairman, Giga-Trend International Management Group Ltd. Director of Info-Tek Corporation Director Representative, Giga-Trend International Investment Group Ltd. Director Representative, Hui Yang Venture Capital Co., Ltd. Supervisor representative, BYTE International Co., Ltd. Director Representative, JM Material Technology, Inc. Supervisor representative, Senyun Precise Optical Co., Ltd. Director Representative of QSan Technology, Inc. Director Representative of Yuncheng Ltd.	-	-	-
Executive VP of Gigabyte	Republic of China	Ma, Mou-Ming	Male	Mar. 26, 1988	23,673,383	3.72%	470,914	0.07%	-	-	Electronic & Computer Engineering, National Taiwan University of Technology, engineer at Acer Systems	Director Representative, Chi-Ga Investment Director Representative, Giga-Byte Communications INC. Director of G-Style Director Representative, Giga-Trend International Investment Group Ltd.	-	-	-
Manufacturing Business Unit Senior VP	Republic of China	Tseng, Chun-Ming	Male	Jun. 1, 1993	4,385,647	0.69%	288,846	0.05%	-	-	College graduate, General Manager at Jpjohn	Director Representative of Giga-Byte Communications INC. Chairman, Intelligence Precision Co., Ltd.	-	-	-

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2nd level under the Civil Law		
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Quantity	Proportion	Quantity
Senior VP and General Manager of Mobility Product BU	Republic of China	Lin, Huo-Yuan	Male	Sep. 25, 1989	451	0.00%	-	-	-	-	University graduate, engineer at Li Hsin Enterprise Co., Ltd.	Senior VP and General Manager of G-Style	-	-	-
General Manager, Network & Comm. BU	Republic of China	Li, E-Tay	Male	Apr. 24, 2000	6,062	0.00%	-	-	-	-	California State University (CSU), Chico Master of Computer Engineering, Manager at Intel, Engineer at Siemens, Engineer at Texas Instruments	Chairman of Gigaipc Co., Ltd.	-	-	-
General Manager, Manufacturing BU	Republic of China	Meng, Hsian-Min g	Male	Oct. 2, 2000	1,797	0.00%	-	-	-	-	PhD, VP at D-Link Q-Run Corp. Director CTX USA Director	-	-	-	-
Channel Solution Business Unit Senior Special Assistant	Republic of China	Hong, Wen-Chi	Male	Jun. 16, 1999	-	-	-	-	-	-	University graduate, SHIN TAI INDUSTRY CO., LTD. Manager, First International Computer		-	-	-
C.F.O., Finance and Accounting Division, Operations Management Center	Republic of China	Chen, Chun-Yin g	Female	Apr. 6, 1994	191	0.00%	41,742	0.01%	-	-	University of South Australia MBA Senior Accountant, Chao Da Communications Technology Section Manager, SUPERWAVE ELECTRONIC CO., LTD.	Supervisor Representative ,Chi-Ga Investment Supervisor Representative, Giga-Byte Communications INC. Supervisor Representative ,G-Style Supervisor, Giga-Trend International Management Group Ltd. Supervisor Representative, Giga-Trend International Investment Group Ltd. Supervisor Representative, Senyun Precise Optical Co., Ltd. Supervisor Representative, Yuncheng Ltd. Supervisor Representative, Intelligence Precision Co., Ltd.	-	-	-
Operations Management Center Overseas Subsidiary Management Division. Vice General Manager of the US Platform	Republic of China	Lu, Zheng-We i	Male	Jun. 1, 1990	-	-	-	-	-	-	Northrop University MBA	-	-	-	-
C.O.O., Operation Management Center	Republic of China	Bai, Guang-Hu a	Male	Apr. 1, 2005	-	-	-	-	-	-	Master degree Supervisor, Huaxia Technology Consulting AVP, A-TREND TECHNOLOGY CO., LTD	Director Representative, Senyun Precise Optical Co., Ltd. Director Representative, Yuncheng Ltd. Director Representative, Intelligence Precision Co., Ltd. Director Representative of Gigaipc Co., Ltd.	-	-	-

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2nd level under the Civil Law		
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Quantity	Proportion	Quantity
Brand Marketing Division V.P. & Special Assistant to President	Republic of China	Chen, Jing-Ting	Female	Jun.12, 2000	5,071	0.00%	-	-	-	-	Simon Fraser University Advanced Interpreter Program Benchmark Corp. Evergrace & Benly Intel	-	-	-	-
Network & Comm. BU, AVP	Republic of China	Chen, Zhang-Xiang	Male	Jun. 16, 1999	-	-	-	-	-	-	College graduate Manager, First International Computer MIRCO STAR INTERNATIONAL	Director Representative of Gigaipc Co., Ltd.	-	-	-
President's office, manager special assistant	Republic of China	Chen, Shi-Cheng	Male	Nov. 27 2000	-	-	-	-	-	-	Syracuse University computer engineer Engineer at BenQ Engineer at Motorola	-	-	-	-
Network and Communications Business Group, Chief Technology Officer	Republic of China	Hou, Chih-Jen	Male	Apr. 14, 2000	87,291	0.01%	-	-	-	-	EECS - Northwestern University Senior Manager, Acer	-	-	-	-
Channel Solution Business Unit M/B Research& Development Center, Vice General Manager	Republic of China	Chen, Chen-Shun	Male	Sep. 1, 2000	-	-	-	-	-	-	University graduate Engineer, Nan Ya Technology Asst VP Phoenix Technologies Ltd.	-	-	-	-
Channel Solution Business Unit Sales and Marketing Center, America& Asia Platform , Senior AVP	Republic of China	Liao, Chi- Li	Male	Oct. 1, 1998	-	-	784	0.00%	-	-	Master degree ASUSTEK COMPUTER INC.	-	-	-	-
Channel Solution Business Unit Sales and Marketing Center, Europe Platform, Senior AVP	Republic of China	Hsiao, Wen-Ta	Male	Feb. 11, 1998	100,714	0.02%	-	-	-	-	University graduate D-LINK CORPORATION	-	-	-	-
Channel Solution Business Unit, Sales and Marketing Center, China Platform, Senior AVP	Republic of China	Liu, Wen-Chung	Male	Apr. 1, 1999	-	-	-	-	-	-	University graduate First International Computer, Inc	-	-	-	-
Channel Solution Business Unit, M/B Research& Development Center, software office, AVP	Republic of China	Deng, Yi-Ming	Male	Mar. 11, 1997	-	-	-	-	-	-	University graduate First International Computer Co., Ltd. BIOS section manager	-	-	-	-
Channel Solution Business Unit, M/B Research& Development Center, Firmware Division II, Senior AVP	Republic of China	Tseng, Wei-Wen	Male	Sep.1, 2003	-	-	-	-	-	-	University graduate Phoenix Tech. Senior AVP VIA TECHNOLOGIES, INC.	-	-	-	-

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2nd level under the Civil Law		
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Quantity	Proportion	Quantity
Channel Solution Business Unit, M/B Research& Development Center, AVP	Republic of China	Liao, Che-Hsien	Male	Jun. 16, 1997	4,000	0.00%	-	-	-	-	Master degree	-	-	-	-
AVP, Mobility Product BU	Republic of China	Lan, Jun Kun	Male	Nov 13, 2000	-	-	-	-	-	-	Master degree Manager at Intel	-	-	-	-
Network & Comm. BU Product Center, AVP	Republic of China	Chen, Yun Di	Male	May 2, 2000	90,115	0.01%	-	-	-	-	Master degree Manager at Siemens GTE	-	-	-	-
AVP, Overseas Manufacturing Dongguan Gigabyte Ningbo Gigabyte	Republic of China	Ko, Wei-Di	Male	Jun. 26, 2000	-	-	-	-	-	-	EMBA Yuan Ze University Special assistant to the Vice President/Section manager at Gold Circuit Electronics Manager at Unimicron	-	-	-	-
General Counsel, Legal and IP Affairs Division, Operation Management Center	Republic of China	Chiu, Chih Peng	Male	Jan. 2, 2014	-	-	-	-	-	-	People's University China, Civil and Business Law (Doctor) Attorney at Law, Lin & Associates, Maritime Law Office AVP, Info-Tek Corporation	-	-	-	-
AVP, Chief Engineering Division, Manufacturing Business Unit	Republic of China	Sun, Wu Hsiung	Male	Aug. 28, 2000	10,026	0.00%	-	-	-	-	Department of electronics, Yunlin Institute of Technology Vice manager of engineering technology at Chih Fu Corp.	-	-	-	-
Vice General Manager, Channel Solution Business Unit, Gaming Products Research &Design Center	Republic of China	Huang, Shun Chih	Male	Nov 20, 2003	-	-	-	-	-	-	Department of Electronics Engineering, Taiwan Institute of Technology Engineer at First International Computer Manager at Shengchuan Technology Manager at Universal Scientific Industrial	-	-	-	-
Vice General Manager, Channel Solution Business Unit	Republic of China	Lin, Ying Yu	Male	Nov 3, 2003	23,000	0.00%	-	-	-	-	MBA, National Chung Hsing University Vice manager at TUL Corporation Vice manager at Elitegroup Computer Systems				
AVP, Customer Service Center	Republic of China	Lin, Chi-ching	Male	Jun 18, 1991	1,689	0.00%	-	-	-	-	Department of Electronics, Van Nung Institute of Industry Repair Technician, Liloy Electronics Technology Ltd. Repair Engineer, Zenith Electronics	Chairman of BYTE International Co., Ltd.	-	-	-

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2nd level under the Civil Law		
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Quantity	Proportion	Quantity
Senior AVP, Advanced E-Auto Research Center	Republic of China	Gu Rui-Lin	Male	June. 29, 2018	252	0.00%	-	-	-	-	National Taiwan University, Department of Electrical Engineering GM, ETOP Electronics Inc. Sales Manager, Intel Microelectronics Asia LLC	-	-	-	-
Vice General Manager, Mobility Product BU	Republic of China	Chen Jun-Cheng	Male	Jan. 7, 2019	-	-	-	-	-	-	Concordia University International Business AVP of MICRO-STAR International Co., Ltd.	-	-	-	-
AVP Mobility Product BU Material Management Division	Republic of China	He Qiao-Feng	Male	Apr. 1, 2019	-	-	-	-	-	-	MingChuan University, Department of Information Data Management Special Assistant, Asia Asahi Computer Co., Ltd. Talent Associate, Micro-Star International Co., Ltd.	-	-	-	-

(III) Remuneration for the directors, supervisors, president, and vice presidents

(1) Fees for the directors (including independent directors) (on the same scale and disclosed collectively)

December 31, 2017; Unit: NTD1,000/1,000 shares

Title	Name	Director								Ratio of the total ABCD to the net earnings after tax (*10)		The director may also be an employee								Ratio of the total ABCDEFG to the net earnings after tax (*10)		Related remuneration from investees other than the subsidiaries (*11)
		Remuneration (A) (*2)		Pensions (B)		Remuneration to directors (C) (*3)		Expenses incurred for business purposes (D) (*4)				Salaries, awards and special subsidies etc. (E) (*5)		Pensions (F)		Bonus to employees (G) (*6)						
		Giga-Byte	All firms covered I the consolidated financial statements (*7)	Giga-Byte	All firms covered I the consolidated financial statements (*7)	Giga-Byte	All firms covered I the consolidated financial statements (*7)	Giga-Byte	All firms covered I the consolidated financial statements (*7)	Giga-Byte	All firms covered I the consolidated financial statements (*7)	Giga-Byte	All firms covered I the consolidated financial statements (*7)	Giga-Byte	All firms covered I the consolidated financial statements (*7)	Giga-Byte		All firms covered I the consolidated financial statements (*7)		Giga-Byte	All firms covered I the consolidated financial statements (*7)	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Yeh, Pei-Chen	0	0	0	0	46,000	46,000	3,072	3,072	1.91%	1.91%	95,045	95,045	0	0	46,000	0	46,000	0	7.41%	7.41%	None
Corporate representative, Ming Wei Investment Co., Ltd.	Liu, Ming-Hsiung																					
Corporate representative, Shih Chia Investment Co., Ltd.	Ma, Mou-Ming																					
Corporate representative, Yue Yeh Investment Co., Ltd.	Tseng, Chun-Ming																					
Corporate representative, Shih Da Investment Co., Ltd.	Ko, Cong-Yuan																					
Corporate representative,, Xi Wei Investment Co., Ltd.(Note)	Li, E-Tay																					
Independent Director(Note)	Yang, Cheng-Li																					
Independent Director(Note)	Wang, Hwei-Min																					
Independent Director	Chan, Yi-Hung																					
Independent Director	Huang, Wen-lai																					

In addition to the information disclosed in the above table, remuneration to directors for offering services (e.g. non-staff consultants) to all companies mentioned in the financial statement: None

Note: Re-election of Board of Directors on June 11 2018. Newly elected: corporate representative Li E-Tay of Xi Wei Investment Co., Ltd. & independent director Wang Hui-Min. Independent director Yang Cheng-Li was relieved of his duty.

Tiers of Remuneration

Scale of remuneration to Giga-Byte's directors	Number of directors			
	Sum of the First Four Types of Remuneration (A+B+C+D)		Sum of the First Seven Types of Remuneration(A+B+C+D+E+F+G)	
	Our Company (Note 8)	All Companies in the Financial Statements (Note 9) H	Giga-Byte (*8)	All firms covered I the consolidated financial statements (*9) I
Below NTD2,000,000	Yang, Cheng-Li; Wang, Hwei-Min ;Chan,Yi-Hung; Huang, Wen-lai	Yang, Cheng-Li; Wang, Hwei-Min ;Chan,Yi-Hung; Huang, Wen-lai	Yang, Cheng-Li; Wang, Hwei-Min ;Chan,Yi-Hung; Huang, Wen-lai	Yang, Cheng-Li; Wang, Hwei-Min ;Chan,Yi-Hung; Huang, Wen-lai
NTD2,000,000～5,000,000	Ko, Cong-Yuan; Li, E-Tay	Ko, Cong-Yuan; Li, E-Tay	Ko, Cong-Yuan	Ko, Cong-Yuan
NTD5,000,000～10,000,000				
NTD10,000,000～15,000,000	Yeh, Pei-Chen, Liu, Ming-Hsiung, Ma Mou-Ming, Tseng, Chun-Ming	Yeh, Pei-Chen, Liu, Ming-Hsiung, Ma Mou-Ming, Tseng, Chun-Ming	Li, E-Tay	Li, E-Tay
NTD15,000,000～30,000,000			Ma Mou-Ming	Ma Mou-Ming
NTD30,000,000～50,000,000			Yeh, Pei-Chen, Liu, Ming-Hsiung, Tseng, Chun-Ming	Yeh, Pei-Chen, Liu, Ming-Hsiung, Tseng, Chun-Ming
NTD50,000,000～100,000,000				
Over NTD100,000,000				
Total				

Note 1: The name of each director shall be stated separately (the names of institutional shareholders and their representative have also been separately listed) and the amount of remuneration to each is disclosed in aggregate.

Note 2: The total amount of traveling subsidies and remuneration disbursed in the most recent year (including the salaries, subsidies, bonuses and awards).

Note 3: The amount of remuneration to directors for the most recent year resolved by the Board.

Note 4: This refers to the expenses incurred for business purposes by directors (including, traveling subsidy, special subsidy, all forms of subsidies, housing, company car and other subsidies in kind). It the Company provides housing, company car and other means of transportation or the spending is exclusive to a particular person, disclose the nature of the property and the cost, the actual rent or rent assessed with reference to fair market price, fuel subsidies and other payments. When drivers are assigned to directors, please specify the pay of such drivers. Such pay shall not be included in the remuneration to directors.

Note 5: When a specific director may also be an employee (refers to the position of President, Vice President, manger or employee) the salaries, occupational subsidies, pensions, compensation on discharge, bonus, awards, traveling subsidy, special subsidies, different forms of subsidies, housing, company car and other means of transportation or the spending is exclusive to particular person, disclose the nature of the property and the cost, the actual rent or rent assessed with reference to fair market price, fuel subsidies and other payments. If a chauffeur is provided, specify the remuneration thereto but do not include as the remuneration to directors. In addition, the salary payment adopted under IFRS 2 "Share-based Payment" includes employee stock option certificates, restricted stock awards, and subscription of common stocks issued for cash. They shall be included in the compensation for employees.

Note 6: Whenever directors are also employees (including serving as the president, vice president, other managers, and regular employees) and receive employee compensation (including stock and cash) in the most recent year, the Company must disclose the proposed amount of employee compensation approved by the Board resolution in the most recent year. If the compensation cannot be estimated, the Company calculates the proposed distribution balance this year based on the amount of actual distribution last year.

Note 7: Disclose the total remuneration to all directors of the Company from all companies stated in the consolidated financial statement (including the Company).

Note 8: The number of directors at each bracket of the remuneration scale. For remuneration to institutional directors, divide the remuneration by the number of representatives appointed. If the Company is willing to disclose the names of directors in all brackets on a list, Change the name of the field marked "number of directors" to "names of directors".

Note 9: The number of directors at each bracket of the remuneration scale paid by companies included in the consolidated financial statements (including the Company). If the Company is willing to disclose the names of directors in all brackets on a list, Change the name of the field marked "number of directors" to "names of directors".

Note 10: Net profit after tax refers to the net profit after tax in the most recent year. For entities that have adopted IFRSs, net profit after tax refers to the entity's or the individual financial statement's net profit after tax in the most recent year.

Note 11:
a. Explicitly state if the directors of the Company "have" or "have not" receive related remuneration from investees other than the subsidiaries.
b. If received from a subsidiary company directors investees other than those related to compensation, should be transferred outside the Company directors in the investment business by the subsidiary to receive remuneration, remuneration levels from the table into the J Field, and Change the field name As "all reinvestments."
c. Remuneration shall be referred to the rewards, wages (including employee compensation and remuneration for directors and supervisors) and income for business operation and related payments to the directors in their roles with the subsidiaries as directors, supervisors or managers.

Note 12: Re-election of Board of Directors on June 11 2018. Newly elected: corporate representative Li E-Tay of Xi Wei Investment Co., Ltd. & independent director Wang Hui-Min. Independent director Yang Cheng-Li was relieved of his duty.

* The content of remuneration disclosed in this table may vary with the concept of remuneration as applied to Tax Code. As such, information contained in the table is only for disclosure and not intended for income tax purposes.

(2) Fees for the supervisors: Not applicable.

(3) Remuneration for General Managers and the Vice General Managers (on the same scale and disclosed collectively)

December 31, 2017 Unit: NTD1,000/1,000 shares

Title	Name	Salary (A) (*2)		Pensions (B)		Award, special subsidy and other subsidy in kind (C) (*3)		Compensation for Employees (D) (*4)				Ratio of the total ABCD to the net earnings after tax (%) (*8)		Related remuneration from investees other than the subsidiaries (*9)
		Giga-Byte	All firms covered I the consolidated financial statements (*5)	Giga-Byte	All firms covered I the consolidated financial statements (*5)	Giga-Byte	All firms covered I the consolidated financial statements (*5)	Giga-Byte		All firms covered I the consolidated financial statements (*5)		Giga-Byte	All firms covered I the consolidated financial statements (*5)	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
President	Yeh, Pei-Chen	48, 048	48, 048	1, 183	1, 183	257, 184	257, 184	93, 000	0	93, 000	0	15. 56%	15. 56%	None
Executive VP	Liu, Ming-Hsiung													
Senior VP	Ma, Mou-Ming													
Senior VP	Tseng, Chun-Ming													
Senior VP	Lin, Huo-Yuan													
General Manager of BU	Li, E-Tay													
General Manager of BU	Meng, Hsian-Ming													
Vice General Manager of the US Platform	Lu, Zheng-wei													
Vice General Manager and Special Assistant to Chairman of Center	Chen, Jin-Ting													
President's office, special assistant to president (Note)	Kao, Han-Yu													
Business Unit Vice President	Chen, Chen-Shun													
Business Unit Vice President	Lin, Ying Yu													
Business Unit Vice President	Huang, Shun Chih													
Business Unit Chief Technology Officer	Hou, Chih-Jen													
C.E.O.	Bai, Guang-Hua													
C.F.O.	Chen,Chun-Ying													
General Counsel	Chiu, Chih Peng													

* regardless of title, where the position equivalent to president, vice president (for example: President, CEO, Director, ... etc.), all should be exposed.

Note : Special Assistant to president Kao, Han-Yu resigned in August 2018.

Tiers of Remuneration

Scale of remuneration to Giga-Byte's General Managers and the Vice General Managers	Name of GM & Vice GM	
	Giga-Byte (*6)	All firms covered I the consolidated financial statements (*7) E
Below NTD2,000,000	Kao, Han-Yu	Kao, Han-Yu
NTD 2,000,000～5,000,000	Lu, Zheng-wei, Lin Huo-Yuan	Lin Huo-Yuan
NTD 5,000,000～10,000,000	Chen, Jin-Ting, Chen, Chun-Ying, Bai Guang-Hua, Meng, Hsian-Ming, Li, E-Tay, Chen, Chen-Shun, Hou, Chih-Jen, Chiu, Chih Peng	Chen, Jin-Ting, Chen, Chun-Ying, Bai Guang-Hua, Meng, Hsian-Ming, Li, E-Tay, Chen, Chen-Shun, Hou, Chih-Jen, Chiu, Chih Peng
NTD 10,000,000～15,000,000		Li, E-Tay
NTD 15,000,000～30,000,000	Ma, Mou-Ming	Ma, Mou-Ming
NTD 30,000,000～50,000,000	Yeh, Pei-Chen, Liu Ming-Hsiun, Tseng Chun-Ming,	Yeh, Pei-Chen, Liu Ming-Hsiun, Tseng Chun-Ming,
NTD 50,000,000～100,000,000	Lin, Ying Yu, Huang, Shun Chih	Lin, Ying Yu, Huang, Shun Chih
Over NTD 100,000,000		
Total		

Note 1: The name of each General Manager(GM) and the Vice General Manager (Vice GM) shall be stated separately and the amount of remuneration to each is disclosed in aggregate.

Note 2: The total amount of traveling subsidies and remuneration disbursed in the most recent year (including the salaries, subsidies, bonus and awards).

Note 3 This refers to the expenses incurred for business purposes by GMs or Vice GMs (including, traveling subsidy, special subsidy, all forms of subsidies, housing, company car and other subsidies in kind). It the Company provides housing, company car and other means of transportation or the spending is exclusive to a particular person, disclose the nature of the property and the cost, the actual rent or rent assessed with reference to fair market price, fuel subsidies and other payments. When drivers are assigned to directors, please specify the pay of such drivers. Such pay shall not be included in the remuneration to directors. In addition, the salary payment adopted under IFRS 2 “Share-based Payment” includes employee stock option certificates, restricted stock awards, and subscription of common stocks issued for cash. They shall be included in the compensation for employees.

Note 4: The Company must fill out the employee compensation (including stock and cash) proposed to be distributed to the GM and Vice GM that is approve by the Board in the most recent year before the shareholders' meeting. If this value cannot be estimated, the ratio of actual distribution from the last year is used for the calculation of proposed distribution this year.

Note 5: Disclose the total remuneration to all GMs or Vice GMs of the Company from all companies stated in the consolidated financial statement (including the Company).

Note 6: The number of GMs and Vice GMs at each bracket of the remuneration scale. For remuneration to institutional directors, divide the remuneration by the number of representatives appointed. If the Company is willing to disclose the names of GMs and Vice GMs in all brackets on a list, Change the name of the field marked "number of GMs and Vice GMs" to "names of GMs and Vice GMs".

Note 7: The number of GMs and Vice GMs at each bracket of the remuneration scale paid by companies included in the consolidated financial statements (including the Company). If the Company is willing to disclose the names of GMs and Vice GMs in all brackets on a list, Change the name of the field marked "number of GMs and Vice GMs" to "names of GMs and Vice GMs".

Note 8: Net profit after tax refers to the net profit after tax in the most recent year. For entities that have adopted IFRSs, net profit after tax refers to the entity's or the individual financial statement's net profit after tax in the most recent year.

Note 9:
a. Explicitly state if GMs and Vice GMs of the Company "have" or "have not" receive related remuneration from investees other than the subsidiaries.
b. If received from a subsidiary company directors investees other than those related to compensation, should be transferred outside the Company directors in the investment business by the subsidiary to receive remuneration, remuneration levels from the table into the J Field, and Change the field name As "all reinvestments. "
c. Remuneration shall be referred to the rewards, wages (including employee compensation and remuneration for directors and supervisors) and income for business operation and related payments to GMs and Vice GMs in their roles with the subsidiaries as directors, supervisors or managers.

Note 10: Special Assistant to president Kao, Han-Yu resigned in August 2018.

* The content of remuneration disclosed in this table may vary with the concept of remuneration as applied to Tax Code. As such, information contained in the table is only for disclosure and not intended for income tax purposes.

(4) Compensation for Managers

December 31, 2018; Unit: NTD1,000/1,000 shares

	Title (*1)	Name (*1)	Stock dividends	Cash dividends	TOTAL	Ratio of the total to the net earnings after tax(%)
Manager	President	Yeh, Pei-Chen	0	93,000	93,000	3.62%
	Executive VP	Liu, Ming-Hsiung				
	Senior VP	Ma, Mou-Ming				
	Senior VP	Tseng,Chun-Ming				
	Senior VP	Lin, Huo-Yuan				
	General Manager of BU	Li, E-Tay				
	General Manager of BU	Meng, Hsian-Ming				
	Vice General Manager of the US Platform	Lu, Zheng-wei				
	Vice General Manager and Special Assistant to Chairman of Center	Chen, Jin-Ting				
	President's office, special assistant to president(Note2)	Kao, Han-Yu				
	Business Unit Vice President	Chen, Chen-Shun				
	Business Unit Vice President	Lin, Ying Yu				
	Business Unit Vice President	Huang, Shun Chih				
	Business Unit Chief Technology Officer	Hou, Chih-Jen				
	C.E.O.	Bai, Guang-Hua				
	C.F.O.	Chen, Chun-Ying				

Note 1: This refers to the scheduled profit (including stock and cash) to be allocated to managers that was approved by the board meeting before surplus is allocated to the shareholders, if, however, the allocation cannot be estimated, the allocation should then be calculated based on last year's actual distribution percentage. The stock of TWSE and TPEX companies should be calculated based on the fair value regulated by the Guidelines Governing the Preparation of Financial Reports by Securities Issuers. The surplus of non-TWSE and TPEX companies is calculated based on the net value of the closing day of the current accounting period. Net profit after tax refers to the net profit after tax in the most recent year. For entities that have adopted IFRSs, net profit after tax refers to the entity's or the individual financial statement's net profit after tax in the most recent year.
The name and title of each individual manager should be disclosed respectively, while surplus can be disclosed in summary.
According to the Taiwan-Finance-Securities-III-0920001301 issued on March 27, 2003, the applicable scope of the managers is as follows:
(1) General Manager and equivalent level;
(2) Vice General Manager and equivalent level;
(3) Director and equivalent level;
(4) Financial supervisor;
(5) Accounting supervisor;
(6) Other managers and authorized personnel.

Note 2: Special Assistant to president Kao, Han-Yu resigned in August 2018.

(IV) A comparative description with analysis on the ratio taken by the gross total of remuneration paid by Giga-Byte and all firms covered in the consolidated financial statements to Giga-Byte's directors, president and vice presidents to the net earnings after tax over the past two years. Please describe as well the policies, criteria and composition of remuneration, procedures to fix remuneration, their interrelationship with Giga-Byte's business performance and future risks.

Item / Title and Description	2017 the ratio taken by the gross total of remuneration paid by Giga-Byte and all firms covered in the consolidated financial statements to Giga-Byte's directors, president and vice presidents to the net earnings after tax		2018 the ratio taken by the gross total of remuneration paid by Giga-Byte and all firms covered in the consolidated financial statements to Giga-Byte's directors, president and vice presidents to the net earnings after tax	
	Giga-Byte	All firms covered the consolidated financial statements	Giga-Byte	All firms covered the consolidated financial statements
Directors GM & Vice GM	13.77%	13.78%	17.47%	17.47%

Title / Description	The remuneration of directors	The remuneration of president and vice presidents
1.Policies of remuneration	The remuneration of directors is calculated according to the Company's articles of incorporation. The approval of the meeting of shareholders is required, should there be any additional allocation and changes to remuneration to directors and supervisors.	Carried out in accordance with the Company's Remuneration Management Regulations, Employee Performance Review Regulations, Business Unit Financial Performance Calculation and Review Principles, and the Performance Bonus Evaluation and Distribution Rules.
2.Criteria and composition of remuneration	Based on the weight allocation of the business responsibility and guarantee responsibility of directors.	Includes base salary, living allowance, food allowance, duty allowance, travel allowance, holiday bonuses and performance bonuses.
3.Procedures to fix remuneration	The appropriation of surplus is proceeded in accordance with the Articles of Incorporation, resolved by the board meeting, and approved by the general meeting of shareholders.	Their salaries are fixed based on their educational and professional backgrounds, performance and service seniority and approved in accordance with the Company's delegation of authorization.
4.Interrelationship with Giga-Byte's business performance and future risks	Based on the Company's performance and profitability. Fulfilling business operation supervision responsibilities, detailing business operation direction, transforming crisis into new business opportunities.	Remuneration is paid based on target achievement rate, performance, profitability and contribution of the respective BU. Strengthening employees' loyalty to achieve the common goal of balancing gains and losses between employers and employees and tide over the risky economic landscape together.

III.Corporate Governance

(I) The operation of BOD

In 2018, BOD held 8 meeting (A), the attendance of the directors is as follows.

Title	Name(Note 1)	Actual attending B	Authorized attending	Ratio of actual attending (%) [B/A] (Note 2)	Remark
Chairman	Yeh, Pei-Chen	8	0	100%	Successive June 11, 2018 Re-election
Vice Chairman	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung	8	0	100%	Successive June 11, 2018 Re-election
Director	Shi Jia Investment Co., Ltd. Representative: Ma, Mou-Ming	8	0	100%	Successive June 11, 2018 Re-election
Director	Yuei-yei Kai Fa Investment Ltd. Representative: Tseng, Chun-Ming	8	0	100%	Successive June 11, 2018 Re-election
Director	Shi Da Investment Limited Representative: Ko, Cong-Yuan	6	2	75%	Successive June 11, 2018 Re-election
Director	Xi Wei Investment Co., Ltd.(Note) Representative: Li, E-Tay	3	1	75%	New June 11, 2018 Re-election
Independent Director	Yang, Cheng-Li	4	0	100%	Step down June 11, 2018
Independent Director	Wang, Hwei-Min	4	0	100%	New June 11, 2018 Re-election
Independent Director	Chan, Yi-Hung	7	1	87.50%	Successive June 11, 2018 Re-election
Independent Director	Huang, Wen-lai	3	5	37.50%	Successive June 11, 2018 Re-election

Important notice

I. When BOD is under any one of the following circumstances, the date, session, and proposal of board meeting; the opinion of independent directors; and the BOD's response to such opinions shall be specified:

(I)Matters specified in Article 14-3 of the Securities and Exchange Act

Date of Meeting (Session)	Proposal and Resolutions	Matters Specified in Article 14-3 of the Securities and Exchange Act	Opinions or Objections of Independent Directors
March 15th, 2018 (The 19nd session of 11th)	•Approval of 2018 annual accountant entrust and remuneration proposal. •Approval of 2017 Employee and director remuneration distribution proposal.	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: The first proposal are approved by all of the directors present at the meeting. The second proposal, due to the avoidance of interest relations, the directors have explained the important contents regarding their interest relations; also, they didn't attend or authorize any personnel to attend the discussion and voting. All the other directors present at the meeting approved the matter without any disagreement.		
May 15th, 2018 (The 21nd session of 11th)	•Approval of evaluation and suggestions to 2017 distribution of remuneration to directors	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: Due to the avoidance of interest relations, the directors have explained the important contents regarding their interest relations; also, they didn't attend or authorize any personnel to attend the discussion and voting. All the other directors present at the meeting approved the matter without any disagreement.		
November 14th, 2018 (The 4nd session of 12th)	•Independence evaluation of CPAs of the Company	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: The resolution is approved by all of the directors present at the meeting.		

(II)Other BOD resolutions for the records or written statements regarding the objection or qualified opinion of independent directors: None.

II. Status of directors' avoidance of conflicts of interest in relevant proposals: The discussion focused on the distribution of remuneration to directors on March 15th 2018 and May 15th 2018. The relevant directors should not be involved in the discussion and voting of the matter regarding remuneration to director respectively.

III. An evaluation on the goal of improving the functions of the Board in the current year and the most recent year (such as forming an audit committee and improving information transparency) and its implementation: See below

(1) Targets for improving the competency of the Board of Directors

a. The BOD of this Company formed the Audit Committee on June 17, 2015 to replace the duty of supervisors and the re-election of the 2nd Audit Committee on June 11 2018. The committee is formed by three independent directors and holds a committee meeting at least once a quarter. The major duties and functions of the Audit Committee are as follows:
Audit the presentation adequacy of the Company's financial statements, selection (dismissal) and independency and performance of CPAs, the effectiveness of implementation of the Company's internal control, the Company's compliance with relevant laws and regulations and rules; and the Company's control of existing and potential risks.

b. The BOD of this Company established the Remuneration Committee in December 2011 and re-elected members of the fourth term on June 11, 2018. Mr. Wang, Hwei-Min(independent Director) was reelected as the chairman of the Remuneration Committee of the fourth term. The major duties and functions the Remuneration Committee are as follows:

* Regularly evaluate and advise on the policy, system, standards and structure of the annual and long-term performance targets and remuneration of Gigabyte directors, supervisors and executives.
* Evaluate and advise on the meeting of performance targets by Gigabyte directors, supervisors and executives as well as the content and amount of individual remuneration.

c. The BOD of this Company established the "Internal Material Information Processing SOP" in October, 2011.

(2) Evaluation of execution

* The Remuneration Committee is functioning well.
* Gigabyte's disclosure of important information follows a principle of honesty and integrity. Disclosure has been accurate, timely and fair.

Note 1: For institutional directors, disclose the names and the names of their representatives.

Note 2: (1) If directors leave their positions before the end of the year, the service termination day should be stated in the remarks section. The actual attendance rate (%) is calculated with the number of times the Board meets when they are on the Board and the actual number of times that member attends.

(2) Before the end of the year, if there is an election of the Board, the names of new and old directors should both be filled out, and whether a director is old, new, or re-elected should be filled out in the remarks section in the remarks section, as should the re-election date. The actual attendance rate (%) is calculated with the number of times the Board meets when they are on the Board and the actual number of times that member attends.

(II) The operation of the Audit Committee or supervisors' involvement in BOD operation

1. The operation of Audit Committee..

In 2018, the Audit Committee held 7 committee meetings (A), and the attendance of independent directors is is as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) [B/A] (note)	Remarks
Independent Director	Yang, Cheng-Li	3	0	100%	Step down June 11, 2018
Independent Director	Wang, Hwei-Min	4	0	100%	New June 11, 2018 Re-election
Independent Director	Chan, Yi-Hung	7	0	100%	New June 11, 2018 Re-election
Independent Director	Huang, Wen-lai	2	5	28.57%	New June 11, 2018 Re-election

1. This Company formed the Audit Committee on June 17, 2015 to audit:
   (1) the adequacy of presentation of the Company's financial statements,
   (2) the selection (dismissal) and independency and performance of CPAs,
   (3) the effectiveness of implementation of the Company's internal control,
   (4) the Company's compliance with relevant laws and regulations and rules; and
   (5) the Company's control of existing and potential risks. 。
2. The duties and functions of the Audit Committee include:
   (1) Establishment or amendment of an internal control system according to Article 14-1 of the Securities and Exchange Act.
   (2) Evaluation of the internal control system.
   (3) Establishment or amendment of operating procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others, according to Article 36-1 of the Securities and Exchange Act.
   (4) Matters involving the personal interest of a director.
   (5) Transactions of material assets or derivatives.
   (6) A material monetary loan, endorsement, or provision of guarantee.
   (7) The offering, issuance, or private placement of any equity-type securities.
   (8) The appointment or dismissal of CPAs, or their compensation.
   (9) The appointment or discharge of financial, accounting, or internal auditing officers.
   (10) Annual financial statements or biannual financial statements.
   (11) Any other material matter specified by the Company or competent authorities.
3. Other information to disclose:
   (1) When the Audit Committee is under any one of the following circumstances, the date, session, and proposal of committee meeting; the opinion of committee members; and the committee's response to such opinions shall be specified:
      (I) Matters specified in Article 14-5 of the Securities and Exchange Act：Audit Committee's opinions or resolutions approved are as follows:

Date of Meeting (Session)	Proposal and Resolutions	Matters Specified in Article 14-5 of the Securities and Exchange Act	Matters not approved by all the members of Audit Committee, but approved by 2/3 of directors
March 15th, 2018 (The 11nd session of 1th)	•Individual financial statements and consolidated financial statements of 2017. •Approval of 2018 annual accountant entrust and remuneration proposal. •2017 statement on the internal audit system.	V	None
	The Resolution of Audit Committee: Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		

August 14th, 2018 (The 3nd session of 2th)	•2018 Q2 consolidated financial statements of the Company.	V	None
	The Resolution of Audit Committee: Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		
November 14th, 2018 (The 4nd session of 2th)	•Independence evaluation of CPAs of the Company •Approval of 2019 Audit Plan	V	None
	The Resolution of Audit Committee : Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		

(II) Matters other the above unapproved by the Audit Committee but resolved by over two thirds of all directors: None

(2) Specify the name of independent directors, proposal content, reasons for the need of avoidance of conflicts of interest, and involvement in voting for implementation of the avoidance of conflicts of interest in independent directors: None.

(3) Communication between independent directors and the internal chief auditor and accountant (shall include communication on the company's material financial and sales affairs, including the topics, methods, and results of communication):

1) Apart from submitting the audit report to each independent director for review each month, the chief auditor will report material issues found in the audit to the BOD or board members.

2) When auditing or reviewing quarterly consolidated statements (annual and including individual financial statements) of this Company at the planning and completing stages, CPAs consolidate information and communicate with the Audit Committee in writing or face to face according to SAS No. 39 "Communications with Those Charged with Governance" and Letter Tai-Cai-Zheng-Liu-Zi No. 0930105373 issued by the Securities and Futures Bureau dated March 11, 2004.

Note: (1) When there are independent directors resign before the end of a fiscal year, the service termination day should be stated in the remarks section. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings that have been held in that year and the actual number of meetings that have attended .

(2) Before the end of a fiscal year, if there is a re-election of indepednet directors, the names of new and current independent directors should both be listed in the remarks coloum and their status: current, new, or re-elected, and the date of re-election shall be specified. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings that have been held in that year and the actual number of meetings that have attended.

(III) The Status of Corporate Governance to be enforced by listed companies, the variations and the causes of variations

Indicator	Status			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
1. Has the Company defined and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies"?	✓		The Company has established a "Corporate Governance Best-practice Principles" based on the "Corporate Governance Best-practice Principles" and disclosed it on the Company's website and the Market Observation Post System.	Conforms to the Corporate Governance Best-practice Principles
2. Structure of shareholdings and shareholder's equity (1) Does the Company have and enforce internal procedures for handling shareholder suggestions, questions, disputes and litigation? (2) Does the Company keep an effective list of its dominant shareholders and the parties with ultimate control over its dominant shareholders? (3) Has the Company established and enforced a risk control mechanism and firewall between its affiliates? (4) Does the Company have internal rules in place to prevent insider trading?	✓		(1) Our PR Office and Investor Services personnel are assigned to handle shareholder suggestions or disputes. (2) Our Investor Services personnel work closely with the "Transfer Agency Department of ChinaTrust Securities" to effectively track the list of dominant shareholders and the parties with ultimate control over the dominant shareholders. (3) Our Company has defined regulations for "Supervision and Management of Subsidiaries" and "Management of Transactions with Group Companies, Designated Companies and Stakeholders". These establish an appropriate risk control mechanism and firewall between affiliates. (4) The BOD passed the "Internal Procedure for Major Disclosure" in October 2011, to establish an appropriate risk control mechanism.	Conforms to the Corporate Governance Best-practice Principles
3. The Organization and functions of the board of directors (1)Is there a defined diversification policy for the Board membership and is it enforced? (2)In addition to the Remuneration Committee and Audit Committee required by law, has the Company voluntarily established any other functional committees? (3)Does the Company have a defined method for evaluating Board performance with annual performance evaluations conducted every year? (4)Does the Company regularly evaluate the independence of the public auditors?	✓		(1) Our Company elected three independent directors at the annual meeting of shareholders on June 11, 2018. Members of the BOD have different specialties, including experts from different industries. (2) Our Company established the Remuneration Committee on December 15, 2011 and the Audit Committee on June 17, 2015. Other functional committees will be established as necessary in the future. (3) Our Company has defined the "Board of Director Management Rules" to manage the running of the Board. (4) When appointing CPAs and reviewing their compensation each year, the BOD evaluates the independence of these CPAs.	Conforms to the Corporate Governance Best-practice Principles

Indicator	Status			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
4. Has a public company established a dedicated (concurrent) governance unit or individual to take charge of organization's governance affairs (including but not limited to providing directors and supervisors with the data required for business operations, handling affairs relating to holding a board meeting or general meeting of shareholders, processing company registration and change registration, and producing minutes for board meetings and general meetings of shareholders)?			At Gigabyte, personnel of the financial unit take charge of the organization's government affairs concurrently.	Conforms with the Corporate Governance Best-Practice Principles
5. Has the Company established channels for stakeholder (including but not limited to shareholders, employees, customers, and suppliers) communication, set up a stakeholder section in the corporate website, and responded appropriately to important CSR issues material to shareholders?	✓		Our Company has a spokesperson system in place for communication with shareholders. The Stakeholder section on the corporate website is expected to be completed by the end of 2015 to respond appropriately to important CSR issues material to stakeholders.	Conforms to the Corporate Governance Best-practice Principles
6. Has the Company appointed a transfer agency for organizing shareholder meetings?	✓		Our Company has appointed the "Transfer Agency Department of CTBC Securities" as the organizer of shareholder meetings.	Conforms to the Corporate Governance Best-practice Principles
7. Disclosed information (1) Has the Company set up a website to disclose its financial information and the status of corporate governance. (2) Are there other means for the Company on disclosure (such as English website, designated personnel to gather and disclose relevant information on the Company, effective implementation of the spokesperson system, and the online broadcast of institutional investor conferences)?	✓		Our corporate website http://www.gigabyte.com/index.aspx is available in Chinese and English. It provides timely disclosure of company information including company profile, investor relations, CSR, products, services and current events for shareholders and consumers.	Conforms to the Corporate Governance Best-practice Principles
8. Are there any other important information that will help with understanding corporate governance practices at the Company (including but not limited to employee rights, employee care, supplier relations, stakeholder rights, continuing education for directors and supervisors, the implementation of risk management	✓		(1) Employee benefits and employee care: Incentive schemes/ company facilities/company Organization and Services/Talent development (2) Investor relations: The Gigabyte website provides a disclosure platform that investors can access for financial information/ corporate governance / shareholder meeting/ shareholder services.	Conforms to the Corporate Governance Best-practice Principles

Indicator	Status			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
policy and risk measurement measures, the implementation of customer policy, and the purchase of liability insurance for directors and supervisors)?			(3) Supplier relations: Gigabyte received AEO certification as a quality enterprise in February, 2012. We have signed the Declaration of Supply Chain Safety with our suppliers and use external audits of suppliers to ensure conformity. (4) Stakeholder rights: Our Company has avoided conflicts of interest with stakeholders in accordance with the law. (5) Further education status of directors, accounting chiefs, and audit chiefs: These personnel have completed further education at the regulatory length. Please refer to the annexe (Note) for details. (6) Risk management policy: Gigabyte has risk management policies in place for inventory, equipment, buildings and receivables. We are also insured against any potential losses. (7) Liability insurance for directors and supervisors: This Company buys liability insurance for all directors and supervisors by the Company.	

9. Please specify the status of improvements and prioritized improvements with reference to the Corporate Governance Evaluation results announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the previous year.
Completed improvements: Establishment and publishing on the corporate website governance-related rules and internal regulations.
Prioritized improvements: To disclose the English interim financial report (including financial statements and notes) on the company's website or on the Market Observation Post System, etc.

Note1: The evaluation criteria of accountant independence

The evaluation item for accountant independence	result of evaluation	Is it consistent with independence?
1. Does the accountant have a direct or significant indirect financial interest relationship with the company?	No	Yes
2. Whether Accountants, Spouses and Underage Children Hold GIGABYTE's Stock?	No	Yes
3. Does the accountant have financing or guarantee activities with the company or the company's directors and supervisors?	No	Yes
4. Does the accountant have close business relationship and potential employment relationship with the company?	No	Yes
5. The accountants and members of the audit service team are currently or in the last two years whether they act as directors, supervisors, managers or have significant influence on auditing cases in the company?	No	Yes
6. Does the accountant provide non-audit services to the company that may affect the audit work?	No	Yes
7. Does the accountant publicize or mediate shares or other securities issued by the company?	No	Yes
8. Whether the accountant acts as the defender of the company or coordinates the conflicts with other third parties on behalf of the company?	No	Yes
9. Whether the accountant has kinship with the company's directors, supervisors, managers, or persons who have significant influence on the auditing?	No	Yes
10. Whether the accountant is dismissed by a joint certified public accountant within one year as the supervisor or manager of the company or has a significant influence on the audit case?	No	Yes

Note2: Status of further education of directors, accounting chiefs, and audit chiefs in 2018.

Title	Name	Date	Course	Hours
Chairman	Yeh, Pei-Chen	Aug 14, 2018	The development of corporate corruption and preventative measures – beginning with corporate governance	3
		Nov 14, 2018	Global trend analysis – risks and opportunities	3
Vice Chairman	Liu, Ming-Hsiung, Institutional Representative of Mingwei Investment Co., Ltd.	Aug 14, 2018	The development of corporate corruption and preventative measures – beginning with corporate governance	3
		Nov 14, 2018	Global trend analysis – risks and opportunities	3
Director	Ma, Mou-Ming Institutional Representative of Shih-Chia Investment Co., Ltd.	Aug 14, 2018	The development of corporate corruption and preventative measures – beginning with corporate governance	3
		Nov 14, 2018	Global trend analysis – risks and opportunities	3
Director	Tseng, Chun-Ming Institutional Representative of Yuei-yei Kai Fa Investment Ltd.	Aug 14, 2018	The development of corporate corruption and preventative measures – beginning with corporate governance	3
		Nov 14, 2018	Global trend analysis – risks and opportunities	3
Director	Ko, Cong-Yuan Institutional Representative of Shih Dah Investment Co., Ltd.	Aug 14, 2018	The development of corporate corruption and preventative measures – beginning with corporate governance	3
		Nov 14, 2018	Global trend analysis – risks and opportunities	3
Director	Li, E-Tay Institutional Representative of Xi Wei Investment Co., Ltd.	Aug 14, 2018	The development of corporate corruption and preventative measures – beginning with corporate governance	3
		Sep 18, 2018	Supervise and enhance the governance process to ensure ethical business practices, implement a system for reporting fraudulent and/or unethical business practices	3
		Sep 18, 2018	Seminar on laws and regulations pertaining to insider trading	3
		Dec 11, 2018	Seminar on fraudulent financial reports	3
Independent Director	Wang, Hwei-Min	Jul 6, 2018	Analysis of the latest tax regulations released in the 1st half of 2018	7
		Aug 8, 2018	Common gaps in the evaluation and reporting of financial instruments	3
		Aug 8, 2018	Common deficiencies in drafting evaluation reports	3
		Aug 14, 2018	The development of corporate corruption and preventative measures – beginning with corporate governance	3
Independent Director	Chan, Yi-Hung	Aug 14, 2018	The development of corporate corruption and preventative measures – beginning with corporate governance	3
		Nov 14, 2018	Global trend analysis – risks and opportunities	3
Independent Director	Huang, Wen-lai	Jun 13, 2018	Analysis of the latest tax law amendments and recommended response measures for the corporation	3
		Jun 13, 2018	Major shareholders and corporations involved in tax matters	3
CFO	Chen, Chun-ying	Mar 29-30, 2018	Further Education Course for Accounting Chiefs of Issuers, Securities Companies, and Stock Exchanges	12
Audit Chief	Ting, Yu-chi	Aug 14, 2018	Internal audit and control practices under the new IFRS15 accounting for income	6
		Nov 9, 2018	Planning and execution of audit in mainland China	6

IV) Composition, Duties, and Operations of the Remuneration Committee:
The Company's Board established the Compensation Committee in December 2011 and elected members for the fourth term of the committee on June 11, 2018. Mr. Wang, Hwei-Min(independent director) was consecutively elected to a fourth term of the chairman of the Compensation Committee.

1. Information on the members of the Compensation Committee

Identity Category (Note 1)	Qualification / Name	Have more than 5 years of experience and the following professional qualifications: Lecturer of the above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	Passed the qualification examination with proper licensing by the national government as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Commerce, law, finance or as required by the Company	Status of independence (Note 2): 1	2	3	4	5	6	7	8	As independent director to other IPO companies	Remark
Independent Director	Wang, Hwei-Min		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	New June 11, 2018 Re-election
Other	Yang, Cheng-Li			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Successive June 11, 2018 Re-election
Other	Cai, Zheng-Zhe			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Successive June 11, 2018 Re-election
Other	Wu, Jie-Xin			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Successive June 11, 2018 Re-election

Note 1: Please fill out Department of directors, independent directors or other

Note 2: Respective director and supervisor who meet the following qualifications 2 years before assumption of office or at the time of assumption office shall put a "✓" in the appropriate space.

(1) Not an employee of a bank or its affiliates.
(2) Not a director or supervisor of an affiliate of the company (except for independent directors of the company or its parent company or a subsidiary established in accordance with this Act or the local laws)
(3) Not a natural person itself, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the bank or among the top 10 natural person shareholders.
(4) Not a spouse, kindred at the second tier under the Civil Code, or the next of kin within the fifth tier under the Civil Code as specified in (1) through (3).
(5) Not a director, supervisor or employee of an institutional shareholder who holds more than 5% of the outstanding shares issued by the bank, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders.
(6) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relation with the bank.
(7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the bank or a spouse to the aforementioned persons.
(8) Not under any of the categories stated in Article 30 of the Company Act.

2. The powers and jurisdiction of the Compensation Committee

* On a regular basis, evaluate and recommend on the Company's policies, institutions, standards, and structure of the annual and long-term performance targets and compensation for directors, supervisors, and managers.
* Evaluate and recommend on the level of performance of the Company's directors, supervisors, and managers, and the nature and amount of their compensation

3. The operation of the Compensation Committee

(1) The Company's Compensation Committee consists of three members. Four members from the 4th committee.

(2) The duration of this term: June 17, 2015 to June 16, 2018(3rd committee), the 4th committee is from June 11, 2018 to June 10, 2021. In 2018, the Compensation Committee held 4 committee meetings (A). The attendance record of members is as follows

Title	Name	Actual attending B	Authorized attending	Ratio of actual attending (%) [B/A] (Note)	Remark
Convener	Wang, Hwei-Min	1	0	100%	New June 11, 2018 Re-election
Committee	Yang, Cheng-Li	4	0	100%	Successive June 11, 2018 Re-election
Committee	Cai, Zheng-Zhe	4	0	100%	Successive June 11, 2018 Re-election
Committee	Wu, Jie-Xin	4	0	100%	Successive June 11, 2018 Re-election
Other matters that should be documented: I. Recommendations of the Compensation Committee rejected or modified by the Board: None II. Resolutions of the Compensation Committee that met opposition or reservation from members and have been documented: None.					

Note: (1) Before the end of the year, if a member of the compensation committee leaves his position, his termination date should be noted in the remarks section. The actual attendance percentage is calculated according to the number of meetings and actual attendance during the term of the committee.

(2) Before the end of the year, if there is a re-election of the Compensation Committee, the former and current committee members should both be listed. In the remarks section, whether a member is newly elected or reelected should be noted, along with the election date. The actual attendance percentage is calculated according to the number of meetings and actual attendance during the term of the committee.

(V) Fulfillment of CSR (the system and measures adopted by the Company for environmental protection, community participation, social contribution, social service, social welfare, consumer rights, human rights, safety & health and other CSR activities as well as their execution):

Gigabyte's vision of promoting sustainable development is based on the basic tenet "innovative technology optimizes the beauty of life" in the aspects of operating, product, environment and society, thus setting up the 4 major directions to promote the policy of sustainable development including the excellent industrial capabilities of research and development (R & D) and innovation, the development of low carbon technology making Gigabyte provide friendly product services and sincere caring for the society as well as achieving the goal of mutual benefits and common good by the means of actively creating the sustainable value for the company, for the environment and for the society. Nevertheless, ever since the United Nation has announced its sustainable development goals in 2015, we have also reviewed our global influence by the means of promoting sustainable development. Consequently, among the 17 goals of sustainable development, we have chosen 6 goals and 2 self-responsive targets that highly link to Gigabyte's operation management. By integrating with promoting directions in regard to the policies of corporate social responsibilities established by the Gigabyte Green sustainable development committee , it's expected that future facilitation of the relevant special projects and acts will broaden the company's vision and ambitions, thus promoting more forward-looking and influential acts to the society.

CSR Policy

1. Strive to improve the efficiency of our energy and resource use, eliminate hazardous substances, make zero waste and emissions our goal.
2. Implement clean production and strengthen green supply chain management to push for sustainable development based on the highest ethical standards and guidelines.
3. Develop low-carbon technologies and green products, promote green consumption, build a green brand.
4. Care for the environment and ecology and achieve symbiosis with planet Earth.
5. Care for culture and society

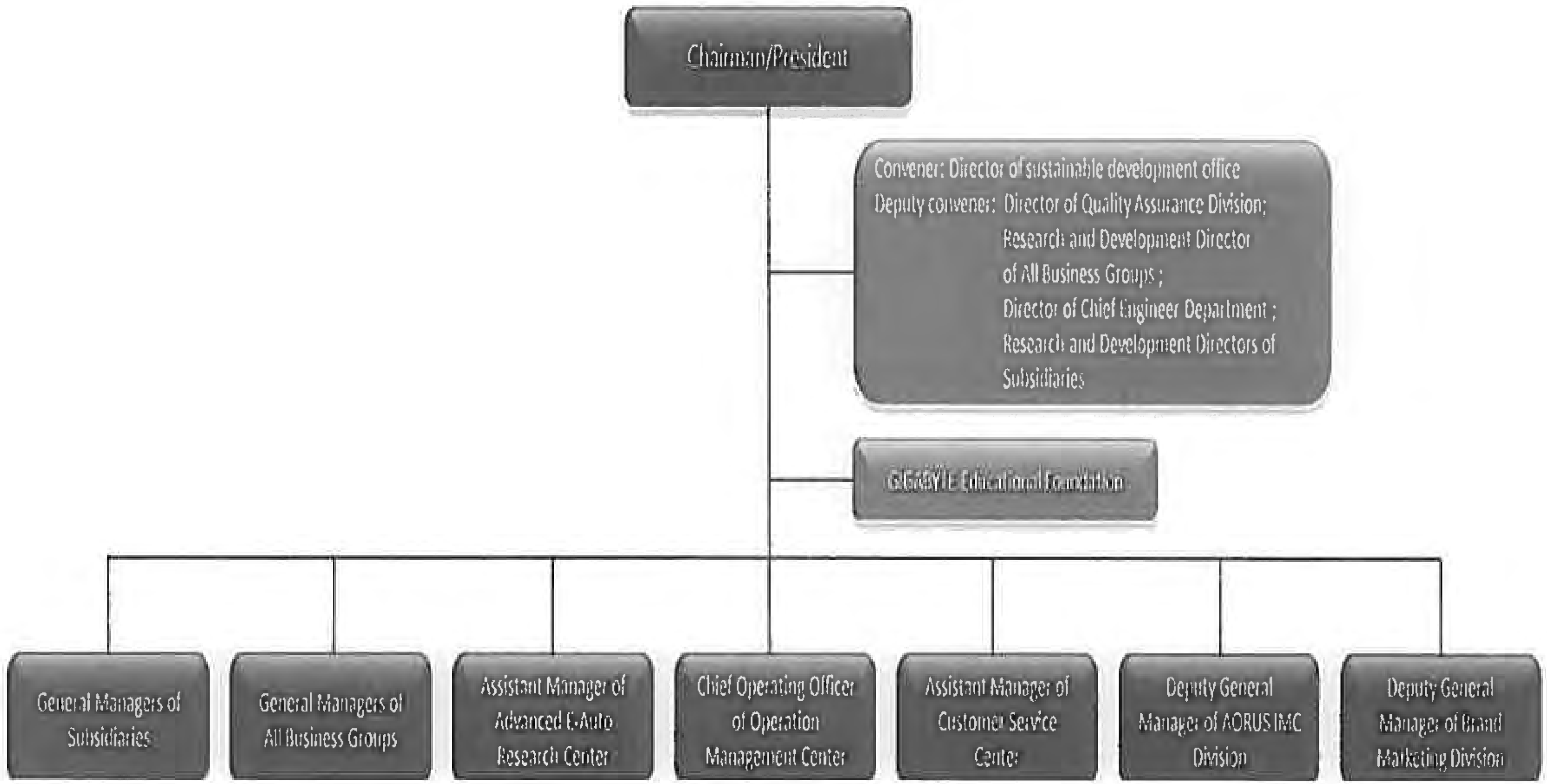
CSR goals and effectiveness

Gigabyte Green Sustainable Development Committee:

In 2005, as the key to business risk management, Gigabyte Technology established the “WEEE/RoHS Committee”, the primary purpose of which was to implement measures like WEEE, RoHS in accordance with the environmental regulations. The Committee was also responsible for operationalizing environmental policies and facilitating internal awareness and training. In 2009, the scope of responsibility of this committee was expanded to not only driving sustainable development as a critical management goal but, with its name changed to “Gigabyte Green Sustainable Development Committee”, be the pivotal team responsible for policy making and operationalizing Gigabyte's overall sustainable development activities.

Presently, this committee is helmed by the Company's CEO as the chairperson with the convener being the Head of the Sustainable Development Office while the role of the vice convener is shared by the respective R&D heads of the Company and its subsidiaries, Head of the Main Engineering Division and Head of the Quality Division. A monthly meeting is called to discuss cross-function, cross-location and inter-subsidiary matters, summarize the matters discussed and submit the report on a regular basis to be incorporated in the consolidated monthly report for the CEO office. This gives the management team a clear understanding of the Company's commitment to sustainable development and the operational status of CSR policies. In addition, on an annual basis, the Committee will report out to the Board of Directors the effectiveness of the respective activities and present the development budget for the next fiscal year. CSR is a key component of the Company's business policies, guiding Gigabyte Technology in implementing a diverse range of green sustainable development activities.

Organization Chart:



Term	Goals	Practice and Effectiveness
•Short	•Optimize environmental and safety policies and commitments •Ensure compliance with customer and environmental requirements of products. •Strengthen employee awareness and the urgency of environmental protection and spread from the enterprise through the family to society from: Love for Earth with True Environmental Protection.	•Passed ISO14000 and OHSAS 18001 certification and optimized environmental surveillance and employee work environment. •Focused on the R&D and innovation of green product and green technology and produced high-quality products to satisfy customers. •Activated the 2009 Green Action Plan for employees to fully understand the importance of sustainable environment cumulative number of participant 73,106. •Established the Gigabyte to Green Club .At the environmental services event where participants walked around the island to help clear rubbish, there were 950 participants, each clocking in 603.08 kilomters on the road with 3,533.71 kilograms of plastic waste collected.
•Medium	•Promote business ethics and CSR •Establish the organization level GHG and product carbon footprint performance indicator system •Continuingly reduce the carbon emissions and environmental impacts of products.	•Published the CSR report on an annual basis and the code of business conduct in 2010. •Began promoting ISO14064 GHG inventory in 2009. Across the entire corporation, emission for 2017 was 28,211.06 metric tonnes of CO_2e; 27,663.92 metric tonnes of CO_2e in 2018. The 43.49% decrease from 48,957.14 metric tonnes emitted in 2009 was due to indirect emissions in Category II. •Expanded the scope of GHG inventory to Scope 3 in 2015. •Implemented LCA assessment on all products to develop a product EIA system and database.
•Long	•Share value with society through "Upgrade Your Life" •Create customer value and eco-friendly products to build a green brand.	•Promoted SROI assessment in 2016 to valuate Gigabyte's social influence. •Promoted the Green Action Plan 2.0 to extend Gigabyte's value sharing. •In 2018, we issued our first Gigabyte Technology Environmental Report working together with the consumers to protect our enviornment. •Established the motto "Reduce, Share, Love the Earth, Collaborate" to share oour love for the Earth with our suppliers. Organized a large-scale supplers meeting to raise awareness among the suppliers of Gigabyte's sustainability movement and create a win-win situation as we grow with them.

Major CSR Events:

- 2009 Established the Gigabyte Sustainable Development Committee to make commitments to promote sustainable development.
- 2009 Activated the “Green Action Plan from the Heart” to plan short-, medium-, and long-term strategies to confirm sustainable development goals.
- 2009 Organized the “Gigabyte Technology Environmental Policy Presentation” and held supplier conferences to explain Gigabyte’s environmental policy to work for environmental protection together with suppliers.
- 2009 Organized a conference on the “Promotion Procedure for Product Carbon Footprint Declaration”.
- 2010 Published Gigabyte’s first sustainability report to disclose ESG performance and demonstrate the company’s determination to promote sustainable development.
- 2011 Invited employees to make commitments to contribute to mitigate climate change.
- 2011 Organized the “Green Ideas” creativity activity to encourage total participation, multiple development, and energy saving education to disseminate sustainable development.
- 2012 Awarded the “Industrial Sustainable Excellence Award” at the 13th Industrial Sustainable Excellence Awards organized by the Industrial Development Bureau, Ministry of Economic Affairs.
- 2012 Developed the sustainable supply chain evaluation to extend CSR, environmental protection, labor rights, fair commercial practice, supply chain responsibility, and social and local contributions, so as to work for a sustainable future.
- 2012 Promoted the recycling of waste electrical and electronic equipment at all service locations regardless of brands to reduce load and hazards on the environment.
- 2013 Organized the “Green Product Innovation” activity to set the foundation toward sustainable development based on sustainability, innovation, and value.
- 2013 Pioneered the green roof on office buildings for protecting Earth and promoting employee health by growing trees to promote sustainability and environmental education.
- 2013 Formed the volunteer service team, Gigabyte Green Club, to promote enterprise volunteer service for the environment and society.
- 2013 Promoted the “eco working holiday” to contribute ourselves to realize environmental protection to protect our home.
- 2013 Awarded the “Excellence Award for Energy-Saving & Emission Reduction Mark” in the office category by the Environmental Protection Administration, Executive Yuan.
- 2014 Organized the “Meeting Green Happiness” serial activities: family guided tour, family painting competition, and eco-photography contest to indigenize environmental protection and sustainable development in daily life.
- 2014 Ranked the top 18th in the large enterprise category in the “Excellence in Corporate Social Responsibility Survey” organized by the *CommonWealth Magazine* and the TCSA Climate Leader Award.
- 2014 Awarded the “Excellence Award for Environmental Education in New Taipei City” in the private sector category.
- 2014 Organized the “Reducing Operational Risk in Green Supply Chain and the Waste of Resources” conference to emphasize product responsibility, so as to create a win-win situation with suppliers.
- 2014 Promoted the GMCP (Green Material Cloud Platform) with Green Share Technology to reduce the management risk of hazardous substances, enhance management efficiency, and cope with future legal trends.
- Organized the GMCP supplier conference to work for environmental protection with suppliers.
- 2015 Won the “Excellence Award” in the private sector category of the National Environmental Education Awards.

- 2015 Promoted the legislation of green roof and built the urban eco-corridor to reduce the urban heat island effect and relieve electricity consumption at summer peak hours to reduce the demand for nuclear energy.
- 2015 Rated as the top 30 in CSR in the CSR Survey conducted by the *Global View Magazine*.
- 2015 Ranked Taiwan's top 36th enterprise and top 17th in the social aspect at the Excellence in Corproate Social Responsibility Award by *CommonWealth Magazine*.
- 2016 Ranked Taiwan's top 40th enterprise and top 16th enterprise in the electronics industry in the CSR Survey by *Global View Magazine*.
- 2016 Ranked Taiwan's top 32nd enterprise and top 14th in the environmental aspect at the Excellence in Corproate Social Responsibility Award by *CommonWealth Magazine*.
- 2016 10th Excellent Enterprise Award by the Taoyuan City Government.
- 2017 The Global View Magazine released the "CSR Survey 2017", which listed Gigabyte the top 40th enterprise and the winner of the award of Model Enterprise in Electronics industry.
- 2017 The Common Wealth Magazine listed Gigabyte the top 18th enterprise and the winner of "Corporate Citizenship Awards 2017".
- 2017 Gigabyte was awarded "TCSA Climate Leadership Award 2017" (There were only ten enterprises winning the award, listed as Taiwan Top 50 Sustainable Enterprise (including 9 enterprises in the technology industry, and Gigabyte ranked the 6th place) and awarded Top 50 Sustainable report Gold Medal.
- 2017 Gigabyte was awarded "2017 ISO 14001+ Award Model Enterprise in Environmental Performance".
- Top 5 electronics & technology companies listed in the 2018 CSR Survey by Vision magazine; Top 6 in education & promotion of CSR.
- In 2018, listed in the top 21 Taiwanese corporations for the world corporate citizen award.
- In 2018, received the TCSA Climate Leadership Award (13 companies received the award). Top 50 sustainable businesses (placed 5th of 14 technology companies). Top 50 sustainability report gold award.
- Organized the "Reduce, Share, Love the Earth, Collaborate" supplier meeting in 2018 to share Gigabyte's sustainable business activities and work with suppliers to develop growth opportunities with focus on sustainability.
- Issued our first Gigabyte Technology Environmental Report in 2018, working together with the consumers to protect our environment.

Gigabyte Technology's Sustainability Program: Adhering to the sustainability targets set by the United Nations to create sustainable value-add

As a citizen of the Earth, we have the mission and obligation to protect the earth while creating high-quality, high-value products for the consumers.In 2017, continuing with our Green Movement 2.0 program, we operationalized the "Reduce, Share, Love the Earth, Collaborate" sustainable development policies and aligned closely with the sustainability goals set by the UN by ncorporating Gigabte's principles and values into our goals for responsible consumption and production, climate movement, sustainable city.

In regards to products, the system to assess the carbon footprint for the entire company's products has been launched where the effect of carbon emission is assessed right from the design phase. Also, under the Recycle Fiber of Plant program, we have successfully used recycled material from agricultural waste like 100 % recycled rice husks for the packaging of our AORUS X7-X9 series of gaming products, achieving our goal of zero carbon, zero waste, social responsibility and environmental friendliness – a giant step towards a key milestone for the Company. In regards to the environment, we have continued with the vision set under our G-Home program of returning trees to the planet, working with the UNEP-approved Plant-for-the-Planet foundation to kick start the "Make Earth Green Again" program. The program is estimated to go on for at least 3 years with promotional events involving consumers, partners, academia and all who love the Earth making their respective contributions. For our commitment to the society, the G-Home program has been certified by the Environmental Protection Administration to have a "Environmental Education Facility", becoming the first in Taiwan to have a rooftop facility built for environmental education, extending the positive influence of Gigabyte's rooftop sustainable ecological system. In addition, through our first environmentally friendly product design contest themed on "Reduce, Share, Love the Earth, Collaborate", we hope to inculcate the values of sustainability and encourage our tertiary students to design innovative products that are friendly to the consumer, environment and society.

Please visit the Gigabyte CSR website for more information: http://csr.gigabyte.tw/Home

Gigabyte Education Foundation

The "Gigabyte Education Foundation" was set up in March 2002 to achieve harmonious progress in the society by promoting technology education, arts and humanities, and enhancing lives. We aim to realize our goal of giving back to society through the elevation of technology education, creativity, the arts and humanities, and social programs like caring for the marginalized. Leading by example, we hope to guide our employees and partners to participate in charitable and social activities, ensuring that the communities that we live in benefit from the active involvement of Gigabyte personnel.

Pease refer to the Gigabyte Education Foundation site for more information: http://www.gigabyte.org.tw/

CSR Implementation:

Indicator	Implementation			Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	Summary	
1. Implementation of corporate governance (1) Is there a defined corporate social responsibility policy or system in place, and reviews on the effectiveness of their implementation? (2) Does the Company organize regular CSR training? (3) Has the Company established a dedicated (concurrent) department for the implementation of corporate social responsibility? Does the top management have authorization from the Board to handle CSR matter and report on its implementation? (4) Does the Company have a reasonable remuneration policy, the employee performance valuation is integrated with the CSR policy, and a clear and effective system of rewards and penalties is in place?	√		(1) The Company has established a "Corporate Social Responsibility Practice Principles" based on the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" and disclosed it on the Company's website and the Market Observation Post System. The company has set the policies and guidelines in regard to corporate social responsibility. Details can be viewed in the Corporate Social Responsibility Report or Sustainable Development Information on the company's website. (http://csr.gigabyte.tw/ http://csr.gigabyte.tw/Home/Content/84) (2) Our Company introduces sustainability training during "New Employee Training". A number of workshops on energy-saving, carbon reduction, sustainable corporate development and bio-diversity conservation are also held every year to enhance the CSR awareness and knowledge of employees. (3) Our Company has established a "Gigabyte Green Sustainability Development Committee" headed by the executive president for promoting corporate social responsibility policies. Monthly meetings are held to review results and conduct improvements. Progress is reported to three Board directors each week.	Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.

Indicator	Implementation			Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	Summary	
			(4) Our Company has established the "Remuneration Committee" to regularly evaluate and make recommendations on our company's annual and long-term performance targets as well as remuneration policy, systems, standards and structure. We have also published the "Employee Ethical Conduct Guideline" in Chinese and English and communicated it to suppliers at supplier conferences held from time to time. The Guideline covers the rules governing employee conduct, an equal and safe work environment, protection of organizational assets, external business activities, legal compliance, and fulfilment of social responsibility to specify employee conduct. Moreover, we include the effectiveness of relevant education and training activities as part of employee evaluation to ensure fair reward and punishment for employees.	
2. Development of sustainable environment (1) Is the Company dedicated to improving the utilization efficiency of resources and use of recycled materials that have low impact on the environment? (2) Has the Company established a suitable environmental management system based on the features of the industry? (3) Does the Company pay attention the influence of Climate Change on the operation of the Company, conduct GHG inventories, and has it drafted a policy for energy conservation, carbon reduction and GHG reduction?	√		(1) Right at the product design stage, our Company begins to consider probable environmental impacts and designs products from the viewpoint of "minimizing environmental load" to realize an eco-design from the source to end-users. Our Company is also committed to implementing factory waste reduction and recycling to reduce resource depletion. Launched RFP (Recycle Fiber of Plant) in 2017, successfully producing environmentally friendly bags 100% made from grain husks. Launched MFCA (material flow cost accounting) in 2018 to enable sustainable recycling.	Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.

Indicator	Implementation			Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	Summary	
			(2) The Company passed ISO 14001 environmental management system certification in 2003. Up to now, the Company enforces control with PDCA regulations. (3) Global warming and climate change are the most urgent and the most concerning problems in the world today. Gigabyte Technology deeply agrees that enterprises are entrusted with the task of protecting the Earth, responding to the climate change is the key link to the enterprise's sustainable operation. From day-to-day operations, product research and development to providing services, those measures are to actively reduce environmental impact and continuously put efforts on fulfilling the green production target. In the face of climate change, Gigabyte Technology has established the Green Sustainable Development Committee and the Green Energy Plan for implementing management strategy in the five directions as follows: 1. Trend Mastery: Monitoring the risk issues in regard to climate change management. 2. Current situation analysis and prevention: Current inventory operation status and the fulfillment of management targets. 3. Product Management and Innovation: Mastering market trends and developing innovative products.	

Indicator	Implementation			Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	Summary	
			4. Environmental education: To create environmental protection atmosphere and establish the internal concept in regard to environmental sustainability. 5. Innovation Management Program: Urban adjustment and adaptation action, building up new pipe Strategy.	
3. Protection of social welfare (1) Has the Company drafted management policies and procedures in accordance with the relevant laws and international conventions on human rights? (2) Has the Company established employee grievance mechanisms and channels? Are complaints handled properly? (3) Does the Company provide employees with a safe and healthy work environment? Do employees receive regular safety and health education? (4) Has the Company established a mechanism for regular employee communications and does it notify employees of changes that may have a major impact on operations in a reasonable manner? (5) Has the Company established an effective career development plan for employees? (6) Has the Company drafted consumer protection policies and a grievance mechanism based on its R&D, purchasing, production, operating and service processes?	√		(1) Gigabyte embraces the philosophy of "A happy workplace for a better life". We believe that every employee should be treated equally and with respect. We strive to uphold and respect internationally recognized human rights (including the UN Declaration of Human Rights, and the International Labor Organization's core labor standards) such as freedom from discrimination and abuse, illegal employment, and promises to abide by the highest ethical standards in our compliance with local laws and the 《Responsible Business Alliance (RBA) Code of Conduct》 (formerly named as Electronic Industry Citizenship Coalition (EICC) Code of Conduct). We also request suppliers to comply with the 《Responsible Business Alliance (RBA) Code of Conduct》 so as to fulfill CSR together. We have therefore defined various management policies and procedures including the "Employee Code of Conduct", salary & benefits, training & development, attendance system, business travel management, labor safety and more.	Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.

Indicator	Implementation			Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	Summary	
(7) Does the Company conform to the relevant international laws and standards on the marketing and labeling of products and services? (8) Does the Company evaluate the past environmental and social record of the suppliers it deals with? (9) Do the Company's contracts with its suppliers include clauses for immediately suspension or termination if the supplier violates its CSR policy, and has a significant impact on the environment and society?			(2) We operate employee forums, suggestion boxes, the chairman's mailbox and the CSR mailbox. Dedicated personnel are assigned to answer and process employee feedback to ensure smooth internal communications. In addition, our Company has established the Code of Employee Conduct, where unethical acts are detected, employees can direct report to the special reporting mailbox. The company will immediately initiate the process to investigate and manage any feedback received. (3) Gigabyte has passed ISO 14001 and OHSAS 18001 certification. Work environments are tested every 6 months to ensure work environment safety. The Company also arranges annual employee health exams and organizes occupational safety and first aid training, fire evacuation training, emergency response training, art and culture talks, as well as workshops on health topics conducted by experts to improve employee health awareness. In 2015, the launched of a comprehensive integration strategy of the Employee Assistance Program (EAP), which assisted employees to deal with various intangible personal, family, life or work pressure. It's hoped that through active care and timely assistance, each colleague can keep the best physical and mental state at any time, welcome each day happily and deal with the source of pressure with positive thinking to maintain working efficiency and quality. Please visit our CSR site for details on occupational health and safety. https://csr.gigabyte.tw/Home/Content/192	

Indicator	Implementation			Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	Summary	
			(4) The Company conducts employer-employee communications through quarterly meetings. Performance evaluations are also conducted every 6 months, allowing managers and employees to review their performance and discuss any problems at work. All Company operations are in sound form with no major changes (5) Our employees are assigned to positions that suit their personal interests so they can develop in the most suitable manner. New employees receive 1-day of orientation training as well as other internal or external specialist training based on their job requirements. Managers also take part in the "Groups Consensus Conference" and management competency courses every year so they can continue to strengthen their professional know-how and make the Company more competitive. These include: management competency, core competency, foreign languages, external training, the e-learning system and library. (6) Our Company follows a consumer-oriented business philosophy that starts with product development. The ultra-durable motherboards and display cards all use the best quality materials to guarantee product performance and stability over time; we offer 4-year warranty on all motherboards and have established a comprehensive worldwide	

Indicator	Implementation			Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	Summary	
			service network to provide fast and supportive after-sales service. Consumers can give their feedback via e-mail or telephone, and there are dedicated departments in Taiwan, China and overseas for handling consumer product inquiries and complaints. 1.Customer Service: Technical support hotline in Taiwan: 0800-079-800; service website in Taiwan: http://service.gigabyte.tw/. 2. Investors: Stock Affairs Department Hotline: (02)8912-4000 ext1042 Email：stockholder@gigabyte.com 3.Suppliers: Gigabyte CSR email: CSR@gigabyte.com (7) Our Company has defined standard guidelines and rules governing our Corporate Identity (CI). All materials that make use of CI must be inspected by the responsible units whether they were produced internally or externally before being approved for distribution. The marketing and labeling for all products and services conform to the principle of honesty and disclosure as well as the relevant laws and international rules. This gives consumers a full understanding of our company's products and services. (8) The company regards the supplier as a long-term partner in order to jointly establish a stable and sustainable supply chain. Gigabyte Technology Group requires all First-Tier suppliers to build	

Indicator	Implementation			Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	Summary	
			an environmental management system. At present, all Gigabyte's First-Tier suppliers are verified by ISO14001 verification. In terms of products, all suppliers should comply with Gigabyte Eco products requirements as well as International standards, such as EU RoHS Directive and REACH Decree; in addition, the Supplier Assessment Form including corporate social responsibility management, environmental protection, labor practices and human rights, fair business practices, supply chain responsibility, social and local contributions. Suppliers are urged to respect internationally recognized human rights and focus on global environmental issues to optimize the reduction of product life cycle to the society and together create the sustainable supply chain's corporate social responsibility. (9) This clause is not explicitly included in our current supplier contracts but if a supplier is in violation of its CSR policy with significant environmental and social impacts, their rating will be reduced during routine supplier evaluations. Suppliers will be switched when they are rated grade "D" for three consecutive months and fail to pass the evaluation in the fourth month after our guidance. Suppliers causing severe damages to this Company for gross negligence will be disqualified after discussions by the head of related units. A disqualified supplier cannot re-apply for a Gigabyte supplier in the next six months.	

Indicator	Implementation			Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	Summary	
4. Greater information disclosure (1) Does the Company disclose relevant and reliable CSR-related information on its website and the Market Observation Post System website?	√		(1) Our Company publishes the CSR report on a regular basis. We also disclose our progress on CSR promotion and sustainable development on the CSR website and Market Observation Post System website at different times.	Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.
5. If the Company has drafted its own corporate social responsibility guidelines according to "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies," the Company should clarify the difference between its operation and the codified principle: No difference. The Company has established a "Corporate Social Responsibility Practice Principles" based on the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" and related laws and regulations.				
6. Other pertinent Information that helps the general public understand CSR operations: Please visit our CSR website at http://csr.gigabyte.tw/Home for more information about our CSR practice and sustainable development.				
7. If the Company's products or the Corporate Social Responsibility Report have been certified by authoritative certification agencies, the certification should be disclosed: The company's enterprise Sustainable Development Report has been edited in accordance with GRI Standard: Core options and the Code of Practice for Corporate social responsibility of the listed company at stock exchange market and the listed company at over-the-counter market as well as the reference of ISO26000, the United Nations Global Covenants principles, the United Nations Sustainable Development goals and other international norms to disclosure of the results of the company's commitment, strategy and management policy regarding the sustainable development of the Enterprise during the reporting period. The financial data disclosed in this report are publicly available through our audited annual reports. The ISO14064 organization level GHG inventory and reduction data, ISO 14001, OHSAS 18001, and QC080000 were all certified by SGS Taiwan. The indicators encompass our Xindian headquarters, Taoyuan Nanping plant, China Ningbo plant and China Dongguan plant as detailed in the report.				

(VI) Our Company's implementation of ethical corporate management

1. Our Company's management upholds our belief in prudent, sustainable management and accountability and has drafted management policies based on ethical practice. Our management is in compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.
2. Implementation of Ethical Practice:

Indicator	Operation			Variation from Ethical Corporate Management Best Practice Principles, and Reason
	Yes	No	Summary	
1. Codify Ethical Management Policies and Plans (1) Does the Company demonstrate its ethical management policies in its regulations and documents communicating with external parties, and do the Board and management actively fulfill their commitments through business policy? (2) Does the Company have safeguards against unethical behavior in place including clear procedures, code of conduct, penalties for violations and a grievance mechanism? Are these enforced? (3) Does the Company have safeguards against business activities identified as being at higher risk of unethical behavior in "Article 7 Paragraph 2 or other sections" of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"?	√		The Company has established a "Ethical Corporate Management Best Practice Principles" based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and disclosed it on the Company's website and the Market Observation Post System. The management follows ethical management principles and has codified policies based on ethics, ensuring that the Board, supervisors, and employees abide by the Company Act, Securities and ExChange Act, Business Entity Accounting Act, laws that pertain to publicly traded companies, and other laws that govern business transaction, while discharging their duties.	In compliance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"
2. Implementing ethical management (1) Does the Company evaluate the ethical record of its transaction parties and explicitly include clauses on ethical behavior in contracts? (2) Does the Company have a dedicated corporate ethics unit that is overseen and regularly reports to the Board of Directors? (3) Does the Company have a conflict-of-interest prevention policy with suitable channels for reporting such conflicts, and enforces such a policy? (4) Does the Company have an effective accounting system and internal control system for ensuring ethical management that is regularly audited by an internal audit unit or public auditor?	√		(1) Our Company maintains a registry of all vendors we deal with. For key suppliers and customers we also inspect their credit profile to avoid losses due to breaches of contract. (2) Our Company does not yet have a dedicated (concurrent) unit for promoting ethical corporate management. This is currently performed by each department to the best of their ability. (3) Our Company completed the stakeholder section on our website at the end of 2015 to respond to important CSR issues material to our stakeholders.	In compliance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"

Indicator	Operation			Variation from Ethical Corporate Management Best Practice Principles, and Reason
	Yes	No	Summary	
(5) Does the Company regularly host internal and external training on ethical management?			(4) Our Company's accounting system and internal control system both conform to the spirit of ethical management. Internal auditors also carry out audits in accordance with the law. (5) Our Company does not regularly host internal and external training on ethical management. Related courses will be organized as necessary in the future.	
3. Operation of the corporate whistleblower system (1) Does the Company have an explicit whistleblower and incentive scheme in place that protects whistleblowers and assigns appropriate personnel for investigating the target of the whistleblower complaint? (2) Does the Company have a standard operating procedure for investigating whistleblower complaints and the related mechanism for ensuring confidentiality? (3) Does the Company have measures to protect whistleblowers against retaliation?	√		(1) If any company personnel harms the Company's interests by violating the Company regulations or ethical principles, employees can report this through the proper channels to their direct manager, the internal audit manager or administrative unit. Disciplinary action will be taken by the decision-maker or Human Resources unit based on the severity of the offense. (2) Handled in accordance with the relevant HR management regulations. (3) Once a complaint is received by the head of the relevant unit, it is treated confidentially to protect the background of the whistleblower and the provided information.	In compliance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"
4. Greater disclosure (1)Does the Company disclose is ethical management principles and progress on its promotion through its website or the Market Observation Post System website?	√		We have a corporate website on which we disclose any information we have related to ethical management.	In compliance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"

Indicator	Operation			Variation from Ethical Corporate Management Best Practice Principles, and Reason
	Yes	No	Summary	
5. If the Company has drafted an ethical management principle according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies," the operation of the principle and the deviation from the principle should be clearly stated: No difference. The Company has established a "Ethical Corporate Management Best Practice Principles" based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and related laws and regulations.				
6. Other material information that helps to understand the operation of the Company's ethical management (such as the Company's declaration of its resolve and policies to its business partners; the Company's invitation of training to its partners; and the Company's revision of its ethical management principles): None				

(VII) If the Company has codified corporate governance guidelines and applicable regulations, the Company should disclose the method by which such regulations can be accessed: For information on the Company's governance principles and related regulations, please visit our corporate website http://www.gigabyte.com/index.aspx and Market Observation Post System.

(VIII) Other important information that is helpful for understanding the implementation status of corporate Governance may be disclosed together: http://csr.gigabyte.tw/Home/content/190

(IX) Status of Enforcement of Internal Control System:

Gigabyte Technology Co., Ltd.
Statement of Internal Control

Date: March 15, 2019

Gigabyte Technology Co., Ltd. has conducted an internal audit in accordance with its Internal Control Regulation covering the period from January 1 to December 31, 2018 and hereby declares as follows:

I. The Company acknowledges and understands that, the establishment, enforcement and preservation of internal control system is the responsibility of the Board and the managers, and that the Company has already established such system. The purpose is to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability of financial reporting and the compliance with relevant legal rules

II. There is limitation inherent to an internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the Company features a self-monitoring mechanism. Once identified, any shortcoming will be corrected immediately.

III. The Company judges the effectiveness of the internal control system in design and enforcement in accordance with the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "the Criteria"). The Criteria is instituted for judging the effectiveness of the design and enforcement of the internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control are composed by five elements, namely: 1. Control environment, 2. Risk Evaluation and feedback, 3. Control Operation, 4. Information and Communication, and 5. Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the Criteria for details.

IV. The Company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system

V. Based on the aforementioned audit findings, the Company holds that it has reasonably preserved the achievement of the aforementioned goals at December 31, 2018(including the monitoring over the subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective.

VI. This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. This statement of declaration has been approved unanimously by the Board in a session held on March 15, 2019 with the presence of night directors (including proxies).

Gigabyte Technology Co., Ltd.

Chairman: Yeh, Pei-Chen

President: Liu, Ming-Hsiung

Note 1: For public companies, when there is a shortage in the design or implementation of the internal control system in any period of the year, companies should state and explain the shortage they noted in the 4th item in Statement of Internal Control by adding an explanatory paragraph and also state the plans and execution status before balance sheet date.

Note 2: The date of the statement will be the "the day the fiscal year ends".

2. Where the Company may be requested to conduct an audit on its internal control system by external auditors, is there any audit report for disclosure: None.

(X) Any personnel of the Company sentenced by law, punished by internal regulation due to violation of internal control system, major shortcomings and status of corrective action in the most recent year to the day this report was printed: None.

(XI) Important resolutions at the shareholders' meeting and the meeting of Board of Directors in recent years and in the current year (till printing of the annual report):

1. Significant Resolutions from Shareholders' General Meeting and Their Implementation

Date	Significant Agenda	Implementation
2018.06.11	1. Recognize our Company's business report and financial statements from 2017.	Approved.
	2.Recognize our Company's earnings distribution for 2017.	Approved. 2018.7.18 has been ratified as the stock dividend distribution date, and the cash dividend has been distributed on 2018.8.8
	3.Approval of amendments of the Company's "Articles of Incorporation"	Approved. The agenda has been carried out as resolved in the shareholders' meeting.
	4. To elect Directors.	Resolution passed. Re-election of the 12th Board of Directors completed.
	5. Releasing the restriction of the Non-Compete Clause for new Directors.	Approved.

2. Important Resolutions of Meetings of the Board of Directors

Date	Important Resolution
2018.1.16	Scheduled the basis date of company's "2007 the first time of employee stock option certificates" transferred to ordinary shares
2018.3.15	The company's 2018 Budget proposal
	Resolution of 2017 the distribution of remuneration to employees and directors
	Resolution of 2017 individual and consolidated financial reports
	Revision of the company's "Articles of Incorporation"
	Resolution of the company's election of the directors
	Resolution brought to the Board of Directors to approve the list of Directors (including independent directors)
	Resolution of 2018 shareholder's regular session regarding the date, location and agenda
	Resolution of 2018 shareholder's regular session regarding the place and period accepting shareholder's proposal
	Resolution of 2018 shareholder's regular session regarding the period, numbers of nominated directors (including independent directors) and the place of accepting the application
	Resolution of the company's 2018 Certified Public Accountants (CPA) entrust and remuneration
	Revision of the company's "measures of allowance for doubtful debts, after-sales service guarantee and inventory loss" proposal
	Resolution of possible impact by the International Financial Reporting Standard 16 (IFRS 16) regarding "leasing"
	2017 Annual Internal Control System declaration
2018.04.17	Approval of the Company's 2017 profit distribution proposal
	Resolution brought to the Board of Directors to review the list of Directors (including independent directors)
	Resolution to remove the restrictions on prohibition of new director of the company from the competitor
2018.05.15	Approval of evaluation and suggestions to 2017 distribution of remuneration to directors
	Resolution to amend the Company's "Remuneration Committee Charter"
2018.06.11	Proposal to elect the Company's Chairman and Vice Chairman of the Board
	Scheduled the 2018 basis date of ex-dividend for stocks
	Proposal to appoint the Company's 4th Compensation Committee
2018.08.14	Resolution of the company's proposal of continuing the credit transactions with China Trust Commercial Bank (CTBC Bank).
	Resolution of the company's proposal of continuing the credit transactions with HSBC Bank (Taiwan) Limited

Date	Important Resolution
2018.11.14	Resolution of the company's proposal of continuing the credit transactions with Xindian Branch of Mega International Commercial Bank
	Resolution of the company's proposal of continuing the credit transactions with Beixin Branch of Chang Hwa Commercial Bank
	The evaluation of the company's CPA independence
	To establish the Company's "Corporate Governance Best-practice Principles"
	To establish the Company's "Corporate Social Responsibility Practice Principles"
	To establish the Company's "Ethical Corporate Management Best Practice Principles"
	Approval of 2019 Audit Plan
2019.01.15	Resolution of the company's 2019 Certified Public Accountants (CPA) entrust and remuneration
2019.03.15	Amendment of the company's "Asset Acquisition and Disposal Operating and Handling Procedure"
	Amendment of the company's "Financial Derivatives Transactions Operating Procedures"
	Amendment of the company's "Loaning of Company Funds Operating Procedures"
	Amendment of the company's "Endorsement and Guarantee Operating Procedure"
	Amendment to the Company's "Articles of Incorporation"
	Confirmed the Company's "Standard Process for Handling Directors' Requests"
	The company's 2019 Budget proposal
	Change the CPA for the Company's financial reports audit and sign off
	Resolution of 2018 the distribution of remuneration to employees and directors
	Resolution of 2018 individual and consolidated financial reports
	2018 Annual Internal Control System declaration
	Resolution of 2019 shareholder's regular session regarding the place and period accepting shareholder's proposal
	Resolution of 2019 shareholder's regular session regarding the period and the place of accepting the application
2019.04.16	Approval of the Company's 2018 profit distribution proposal

(XII) Dissents from directors or supervisors on major resolutions of the Board that have been recorded or provided with written statement in the most recent year and up to the publication date of the annual report: None.

(XIII) Resignation or discharge of personnel relating to financial reporting in the most recent year to the day this report was printed: None.

IV.Information regarding auditing fee:

In NTD 1,000

Scale \ Items		Auditing Fee	Non-audit fee	Total
1	Below NTD2,000			
2	NTD2,000-NTD4,000		✓	2,650
3	NTD4,000-NTD6,000			
4	NTD6,000-NTD8,000			
5	NTD8,000-NTD10,000			
6	More than NTD10,000	✓		11,493

Fees paid to CPAs

In NTD 1,000

CPAs firm	CPAs name	Auditing fee	Non-auditing fee					Audit Period	Note
			System design	Registration with industrial and commercial administration authorities	Human Resources	Other (Note 2)	TOTAL		
PWC Public Accountants	Xiao, Chun-Yuan Wang, Fang-yu	11,493	0	190	0	2,460	2,650	Whole Year (2018)	Non-audit expenses includes expenses for transfer pricing, advance pricing arrangements and change registration etc.

Note 1: Replace the current year if the Company accountant or firm shall be requested during the audit were presented and the reasons for the replacement in the remarks column shows, and order disclosure of audit and non-audit fees and other information.

Note 2: Non-auditing fee should be listed out separately according to type of services; the content of services should be listed out in NOTE if the "other" item in non-auditing fees exceeds 25% of the total non-auditing fee.

V.Information regarding replacement of CPAs: None.

VI.Service by Giga-Byte's chairman, president, managerial officers in charge of finance or accounting having served with the office(s) or affiliate(s) of the auditing CPAs: None.

VII. Transfer of and lien on shares by directors, supervisors, managers and shareholders holding more than 10% of the outstanding shares in the most recent year until the date this report is printed:

Title	Name	2018		By April 14, 2019	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Chairman and CEO, Gigabyte	Yeh, Pei-Chen	0 0	4,000,000 (4,000,000)	0	0
Vice Chairman	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung	0	0	0	0
Director	Yuei-yei Kai Fa Investment Ltd. Representative: Tseng, Chun-Ming	0	0	0	0
Director	Shih-Chia Investment Co., Ltd. corporate representative: Ma, Mou-Ming	0	0	0	0
Director	Shih Dah Investment Co., Ltd. corporate representative: Ko, Cong-Yuan	0 (417,000)	0 (3,200,000)	0 0	0 0
Director	Xi Wei Investment Co., Ltd. corporate representative: Li, E-Tay	0	0	0	0
Independent Director	Wang, Hwei-Min	0	0	0	0
Independent Director	Chan, Yi-Hung	0	0	0	0
Independent Director	Huang, Wen-lai	0	0	0	0
Gigabyte Senior Vice President	Ma, Mou-Ming	53,359 0	0 0	0 0	0 0
Executive VP of Gigabyte President of Channel Solution BU	Liu, Ming-Hsiung	0	0	0	0
Manufacturing Business Unit Senior VP	Cheng, Chun-Ming	0	0	0	0
Senior VP and President of Mobility Product BU	Lin, Hua-Yuan	0	0	0	0
Network and Communications Business Unit President	Li, E-Tay	0	0	0	0
Manufacturing Business Unit President	Meng, Hsian-Ming	0	0	0	0

Title	Name	2018		By April 14, 2019	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Channel Solution Business Unit Senior Special Assistant	Hong, Wen-Chi	0	0	0	0
CFO, Operations Management Center and Financial & Accounting HQ	Chen, Chun-Ying	0 (2,000)	0 0	0 0	0 0
Operations Management Center Overseas Subsidiary Management Division. Vice General Manager of the US Platform	Lu, Zheng-Wei	0	0	0	0
C.O.O. , Operation Management Center	Bai, Guang-Hua	0	0	0	0
Brand Marketing Division, Vice President and Special Assistant to the President	Chen, Jin-Ting	0 (3,000)	0 0	0 0	0 0
Network and Communications Business Unit Product Center AVP	Chen, Zhang-Xiang	0	0	0	0
President's office, manager special assistant	Chen, Shi-Cheng	0 0	0 0	0 (209)	0 0
Chief Technology Officer, Network and Communications BU Product Center	Hou, Chi-ren	0 (54,000)	0 0	0 0	0 0
Channel Solution Business Unit M/B Research& Development Center, Vice General Manage	Chen, Chen-shun	0	0	0	0
Channel Solution Business Unit, Sales Marketing Center, America& Asia Platform , Senior AVP	Liao, Chi- Li	0 (213,000)	0 0	0 (12,000)	0 0

Title	Name	2018		By April 14, 2019	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Channel Solution Business Unit, Sales Marketing Center, Europe Platform, Senior AVP	Hsiao, Wen-Ta	0	0	0	0
Channel Solution Business Unit, Sales Marketing Center, China Platform, Senior AVP	Liu, Wen- Chung	0	0	0	0
Channel Solution Business Unit, M/B Research& Development Center, software office, AVP	Deng, Yi-Ming	0	0	0	0
Channel Solution Business Unit, M/B Research& Development Center, Firmware Division II, Senior AVP	Tseng, Wei-Wen	0	0	0	0
Channel Solution Business Unit, M/B Research& Development Center, AVP	Liao, Che-Hsien	0 (106,000)	0 0	0 0	0 0
AVP Mobility Product BU	Lan, Jun-Kun	0	0	0	0
Network and Communications Business Unit Product Center AVP	Chen, Yun-Di	90,084 0	0 0	0 0	0 0
AVP Overseas Manufacturing Dongguan Gigabyte Ningbo Gigabyte	Ko, Wei-Ti	0	0	0	0
Operation Management Center Legal and IP Affairs Div.,General Counsel	Chiu, Chih-Peng	0	0	0	0
Manufacturing Business Unit Chief Engineering Division AVP	Sun, Wu-Hsiung	0 (20,000)	0 0	0 0	0 0

Title	Name	2018		By April 14, 2019	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Vice General Manager, Channel Solution Business Unit, Gaming Products Research &Design Center	Huang, Shun-Chih	0	0	0	0
Vice General Manager, Channel Solution Business Unit	Lin, Ying-Yu	23,000 0	0 0	0 0	0 0
AVP, Customer Service Center	Lin, Chi-Ching	1,495 0	0 0	0 0	0 0
Senior AVP, Advanced E-Auto Research Center	Gu Rui-Lin	0	0	0	0
Vice General Manager, Mobility Product BU	Chen Jun-Cheng	0	0	0	0
AVP Mobility Product BU Material Management Division	He Qiao-Feng	0	0	0	0

Information on counterparties of share transfers or pledges who are related parties by directors, supervisors, managers, and shareholders owning more than 10% of shares outstanding:

Name	Reason for equity transfer	Transaction date	Counterparty	The relationship between the counterparty and the director, supervisor or shareholder who holds more than 10% of the Company's shares	Number of shares	Price (TWD)
Lin, Chi-Ching	To inherit	2018.07.02	Lin, Syu-Luan	Mother and son	1,495	83.5

VIII.Top ten shareholders and relationship between the shareholders

NAME (*1)	HAREHOLDINGS BY SELF-OWNED		SHAREHOLDINGS BY SPOUSE AND UNDERAGE CHILDREN		SHAREHOLDINGS UNDER THE TITLE OF A THIRD PARTY		TOP 10 OF SHAREHOLDERS TO CONFORM TO THE ROC STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 3		REMARK
	Shares	Ratio	Shares	Ratio	Shares	Ratio	Name	Relationship	
Liu, Ming-Hsiung	41,168,918	6.48%	3,822,579	0.60%			Ming Wei Investment Co., Ltd. Xi Wei Investment Co., Ltd.	Director Director	
Yeh, Pei-Chen	30,151,237	4.74%	5,821,063	0.92%			Ming Wei Investment Co., Ltd. Xi Wei Investment Co., Ltd.	Director Chairman	
Fubon Life Insurance Co., Ltd.	26,650,000	4.19%							
Representative: Cai,Ming-Sing									
Ma, Mou-Ming	23,673,383	3.72%	470,914	0.07%					
Citigroup Inc. is entrusted USA Citi Private to manage Eaton Asia Fund	22,280,000	3.50%							
Yuanta Funds	19,320,837	3.04%							
Ming Wei Investment Co., Ltd.	14,062,200	2.21%					Liu, Ming-Hsiung Yeh, Pei-Chen	Director Director	
Representative: Yang, Xue-Qing	3,822,579	0.60%	41,168,918	6.48%					
Cathay United Bank	10,339,000	1.63%							
Representative: Guo, Ming-Jian	-	-							
Shi Da Investment Limited	9,408,000	1.48%							
Representative: Yang, Ya-Ting	9,000	0.00%	36,000	0.01%					
Xi Wei Investment Co., Ltd.	9,063,075	1.43%					Yeh, Pei-Chen Liu, Ming-Hsiung	Chairman Director	
Representative: Yeh, Pei-Chen	30,151,237	4.74%	5,821,063	0.92%					

Note 1: All of the top ten shareholders should be listed. Names of the corporate shareholders and the representatives thereof should be listed separately.

Note 2: Ratio means the shareholding by self-owned, spouse and underage children, and the title of a third party as of total these three titles of shares.

Note 3: Relationship between shareholders listed above, including corporations and natural persons, should be disclosed.

IX.Companies directly or indirectly invested by the Company, the directors and supervisors of the Company, managers and the proportion and quantity of shareholdings on the same company

December 31, 2018/Unit: share; %

Invested companies	Invested by the Company		Invested by directors, supervisors, managers, or by direct or indirect subsidiaries		Total investment	
Item	Quantity of shares	Proportion of holdings	Quantity of shares	Proportion of holdings	Proportion of shares	Proportion of holdings
G.B.T., Inc.	54,116	48.63%	57,169	51.37%	111,285	100%
G.B.T. Technology Trading GmbH	0	100%	0	-	0	100%
Freedom International Group Ltd.	142,671,692	100%	0	-	142,671,691.54	100%
Charleston Investments Limited	0	-	57,032,141.68	100%	57,032,141.68	100%
Dongguan Gigabyte Electronics Co., Ltd.	0	-	0	100%	0	100%
GBT Tech. Co. Ltd.	800,000	100%	0	-	800,000	100%
Giga Investment Co.	273,756,500	100%	0	-	273,756,500	100%
G.B.T. LBN Inc.	0	-	0	100%	0	100%
Giga Future Limited	0	-	82,819,550	100%	82,819,550	100%
Ningbo Gigabyte Co., Ltd.	0	-	0	100%	0	100%
Ningbo Best-Yield Repair and Maintenance Co., Ltd.	0	-	0	100%	0	100%
Ningbo Gigabyte International Trading Co.	0	-	0	100%	0	100%
Giga-Byte Technology B.V.	8,500	100%	0	-	8,500	100%
Giga-Trend International Investment Group Ltd.	0	-	69,590,000	100%	69,590,000	100%
Ningbo Zhung Jia Technology Trading Co., Ltd.	0	-	0	100%	0	100%
Gigabyte Technology Pty. Ltd.	2,400,000	100%	0	-	2,400,000	100%
Aorus Pte. Ltd.	0	-	3,073,000	100%	3,073,000	100%
Chi-Ga Communications Co., Ltd.	2,145,880	99.86%	0	-	2,145,880	99.86%
Giga-Trend International Management Group	0	-	600,000	60%	600,000	60%
Gigabyte Technology (India) Private Limited	4,600,000	100%	0	-	4,600,000	100%
G-Style Co., Ltd.	72,000,000	100%	0	-	72,000,000	100%
BYTE International Co., Ltd.	3,000,000	100%	0	-	3,000,000	100%
Giga Advance (Labuan) Limited	0	0	10,000	100%	10,000	100%
Nippon Giga-Byte Corp.	1,000	100%	0	-	1,000	100%
Gigabyte Technology Poland SP Z.O.O.	0	-	100	100%	100	100%
Gigabyte Technology ESPANA S.L.U.	5,000	100%	0	-	5,000	100%
Gigabyte Global Business Corporation	1,000	100%	0	-	1,000	100%
Gigabyte Information Technology Commerce Limited Company	8,000	100%	0	-	8,000	100%
Gigazone Holdings Limited	0	-	34,500	100%	34,500	100%
Giga Zone Technology(Shenzhen) Limited	0	-	0	100%	0	100%
Gigabyte Technology LLC.	168,000	100%	0	-	168,000	100%
Gigabyte Trading Inc.	0	-	50,000	100%	50,000	100%
Senyun Precise Optical Co., Ltd.	0	-	77,372,680	79.77%	77,372,680	79.77%
OGS Europe B.V.	0	-	3,000	100%	3,000	100%
Green Share Co., Ltd.	0	-	816,000	51%	816,000	51%
Shenzhen Best Yield Service Co., Ltd.	0	-	0	100%	0	100%
Selita Precision Co., Ltd.	0	-	5,000,000	100%	5,000,000	100%
SenYun Precision Optical (Dongguan) Co., Ltd.	0	-	0	100%	0	100%
Gigaipc Co., Ltd.	0	-	20,000,000	100%	20,000,000	100%

Note 1: If the invested companies are limited liability companies, only the amount of investments and proportion of shareholdings are shown in the above table.

Four. Equity Capital and Shares

I.Equity capital and shares

(I)Sources of equity capital

Month and year	Issuing price	Authorized capital		Paid in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Sources of equity capital	Utilization of assets other than cash for payment	Other
April 1986	$1000/share	700	700,000	700	700,000	Initial capital	None	Apr. 30, 1986 Chien Yi Tze No.211834
September 1986	$1000/share	5,000	5,000,000	5,000	5,000,000	Issuing new shares amounted to $4,300,000	None	Sep. 30, 1986 Chien Yi Tze No. 185285
June 1991	$1000/share	20,000	20,000,000	20,000	20,000,000	Issuing new shares amounted to $15,000,000	None	Jun. 26, 1991 80Chien San Yi Tze No. 242795
July 1995	$1000/share	96,000	96,000,000	96,000	96,000,000	Issuing new shares amounted to$76,000,000	None	Jul. 20, 1995 84Chien San Ren Tze No. 402912
October 1996	$10/share	30,600,000	306,000,000	30,600,000	306,000,000	Capitalization of retained earnings at $60,000,000 Issuing new shares amounted to $150,000,000	None	Jul. 06, 1996(85) Taiwan-Finance- Securities-I No. 41051
July 1997	$10/share	57,820,000	578,200,000	57,820,000	578,200,000	Capitalization of retained earnings at $183,600.000, of capital surplus at $30,600,000, and employee bonus at $18,000,000 Issuing new shares amounted to $40,000,000	None	May 21, 1997(86) Taiwan-Finance- Securities-I No. 40522
April 1998	$10/share	280,000,000	2,800,000,000	113,858,000	1,138,580,000	Capitalization of retained earnings at $462,560,000, of capital surplus at $57,820,000, and employee bonus at $40,000,000	None	Apr. 04, 1998(87) Taiwan-Finance- Securities-I 29875
October 1998	$172.5/share	280,000,000	2,800,000,000	123,858,000	1,238,580,000	Issuing new shares amounted to $100,000,000	None	Oct. 22, 1998(87) Taiwan-Finance- Securities-I No. 85746

Month and year	Issuing price	Authorized capital		Paid in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Sources of equity capital	Utilization of assets other than cash for payment	Other
July 1999	$120/share	280,000,000	2,800,000,000	126,358,000	1,263,580,000	Issuing new shares amounted to 25,000,000	None	Jun. 16, 1999(88) Taiwan-Finance- Securities-I No. 57028
July 1999	$10/share	280,000,000	2,800,000,000	220,158,600	2,201,586,000	Capitalization of retained earnings at $867,006,000, and of employee bonus at $71,000,000	None	May 29, 1999(88) Taiwan-Finance- Securities-I No. 50319
June 2000	$10/share	460,000,000	4,600,000,000	328,135,260	3,281,352,600	Capitalization of retained earnings at $770,555,100, of capital surplus at $220,158,600 and employee bonus at $89,052,900	None	May 18, 2000(89) Taiwan-Finance- Securities-I No. 42789
July 2000	$129.25/share	460,000,000	4,600,000,000	358,135,260	3,581,352,600	Issuing new shares for the subsequent issuing of GDR amounted to $300,000,000	None	Jun. 27, 2000(89) Taiwan-Finance- Securities-I No. 46526
July 2001	$10/share	800,000,000	8,000,000,000	458,936,251	4,589,362,510	Capitalization of retained earnings at $537,202,980, of capital surplus at $358,135,260 and employee bonus at $112,671,670	None	May 31, 2001(90) Taiwan-Finance- Securities-I No. 134160
January 2002	$88.7/share	800,000,000	8,000,000,000	459,121,458	4,591,214,580	Issuing of ECB amounted to $1,852,070	None	Feb. 21, 2001(90) Taiwan-Finance- Securities-I No. 105452
March 2002	$88.7/share	800,000,000	8,000,000,000	459,413,344	4,594,133,440	Issuing of ECB amounted to $2,918,860	None	Feb. 21, 2001(90) Taiwan-Finance- Securities-I No. 105452
September 2002	$10/share	800,000,000	8,000,000,000	549,447,798	5,494,477,980	Capitalization of retained earnings at $689,120,020 and of employee bonus at $211,224,520	None	Jun. 19, 2002 Taiwan-Finance- Securities-I No. 0910133363

Month and year	Issuing price	Authorized capital		Paid in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Sources of equity capital	Utilization of assets other than cash for payment	Other
September 2003	$10/share	800,000,000	8,000,000,000	592,655,610	5,926,556,610	Capitalization of retained earnings at $274,723,890 and of employee bonus at $151,571,800 Issuing ECB amounted to $5,782,940	None	Jul. 14, 2003 Taiwan-Finance- Securities-I No. 091021455
September 2004	$10/share	950,000,000	9,500,000,000	624,509,332	6,245,093,320	Capitalization of retained earnings at $289,772,330 and of employee bonus at $159,874,380. Cancellation of treasury stocks amounting to $131,110,000	None	Jul. 13, 2004 Financial-Supervisory Securities I-No. 0930131089
September 2005	$10/share	950,000,000	9,500,000,000	671,885,898	6,718,858,980	Capitalization of retained earnings at $312,254,660 and of employee bonus at $161,511,000.	None	Jul. 7, 2005 Financial-Supervisory Securities No. 0940127429
September 2006	$10/share	950,000,000	9,500,000,000	671,471,898	6,714,718,980	Cancellation of treasury stocks amounting to $4,140,000 Employee bonus at $46,308,407.	None	Aug. 24, 2006 Financial-Supervisory Securities No. 0950138850
December 2007	$26.42/share	950,000,000	9,500,000,000	672,725,490	6,727,254,900	ECB 12,535,920	None	May 16, 2006 Financial-Supervisory Securities No. 0950115553
May 2008	$10/share	950,000,000	9,500,000,000	644,755,490	6,447,554,900	Cancellation of treasury stocks amounting to $279,700,000	None	May 7, 2008 Financial-Supervisory Securities III-No. 0970023166
October 2008	$25.28/share	950,000,000	9,500,000,000	653,091,886	6,530,918,860	ECB 83,363,960	None	May 16, 2006 Financial-Supervisory Securities No. 0950115553

Month and year	Issuing price	Authorized capital		Paid in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Sources of equity capital	Utilization of assets other than cash for payment	Other
December 2008	$10/share	950,000,000	9,500,000,000	633,091,886	6,330,918,860	Cancellation of treasury stocks amounting to $200,000,000	None	Oct. 20, 2008 Financial-Supervisory Securities III-No. 0970055414
July 2009	$10/share	950,000,000	9,500,000,000	629,133,886	6,291,338,860	Cancellation of treasury stocks amounting to $39,580,000	None	Apr. 22, 2009 Financial-Supervisory Securities III-No. 0980017260
January 2010	$17.39/share	950,000,000	9,500,000,000	633,150,386	6,331,503,860	Exercise of 40,165,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
May 2011	$17.39/share	950,000,000	9,500,000,000	642,565,886	6,425,658,860	Exercise of 94,155,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
August 2010	$17.39/share	950,000,000	9,500,000,000	643,114,886	6,431,148,860	Exercise of 5,490,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
November 2010	$17.39/share	950,000,000	9,500,000,000	633,719,886	6,337,198,860	Exercise of 2,050,000 shares of employee stock option issued in 2007 (First); Cancellation of treasury stocks amounting to $96,000,000	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711 Oct. 11, 2010 Financial-Supervisory Securities No. 0990055818
February 2010	$16.10/share	950,000,000	9,500,000,000	634,610,386	6,346,103,860	Exercise of 8,905,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
April 2011	$16.10/share	950,000,000	9,500,000,000	637,005,386	6,370,053,860	Exercise of 23,950,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
August 2011	$16.10/share	950,000,000	9,500,000,000	637,413,386	6,374,133,860	Exercise of 4,080,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
November 2011	$14.80/share	950,000,000	9,500,000,000	637,922,386	6,379,223,860	Exercise of 5,090,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711

Month and year	Issuing price	Authorized capital		Paid in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Sources of equity capital	Utilization of assets other than cash for payment	Other
February 2012	$14.80/share	950,000,000	9,500,000,000	638,306,386	6,383,063,860	Exercise of 3,840,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
April 2012	$14.80/share	950,000,000	9,500,000,000	624,060,386	6,240,603,860	Exercise of 33,140,000 shares of employee stock option issued in 2007 (First)； Cancellation of treasury stocks amounting to $175,600,000	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
August 2012	$14.80/share	950,000,000	9,500,000,000	624,548,386	6,245,483,860	Exercise of 488,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
November 2012	$14.80 and $13.68 per share	950,000,000	9,500,000,000	625,401,386	6,254,013,860	Exercise of 853,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
January 2013	$13.68/share	950,000,000	9,500,000,000	625,891,386	6,258,913,860	Exercise of 490,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
April 2013	$13.68/share	950,000,000	9,500,000,000	626,137,386	6,261,373,860	Exercise of 246,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities I-No. 0960070711
August 2013	$13.68/share	950,000,000	9,500,000,000	626,253,386	6,262,533,860	Exercise of 116,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
November 2013	$12.70/share	950,000,000	9,500,000,000	626,323,386	6,263,233,860	Exercise of 70,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
February 2014	$12.70/share	950,000,000	9,500,000,000	626,571,386	6,265,713,860	Exercise of 248,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
April 2014	$12.70/share	950,000,000	9,500,000,000	626,822,886	6,268,228,860	Exercise of 251,500 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711

Month and year	Issuing price	Authorized capital		Paid in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Sources of equity capital	Utilization of assets other than cash for payment	Other
November 2014	$11.90/share	950,000,000	9,500,000,000	626,832,886	6,268,328,860	Exercise of 10,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
February 2015	$11.90/share	950,000,000	9,500,000,000	628,882,886	6,288,828,860	Exercise of 2,050,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
April 2015	$11.90/share	950,000,000	9,500,000,000	629,012,886	6,290,128,860	Exercise of 130,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
September 2015	$10.90/share	950,000,000	9,500,000,000	629,062,886	6,290,628,860	Exercise of 50,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
November 2016	$10.20/share	950,000,000	9,500,000,000	629,067,886	6,290,678,860	Exercise of 5,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
January 2017	$10.20/share	950,000,000	9,500,000,000	629,117,886	6,291,178,860	Exercise of 50,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
August 2017	$10.20/share	950,000,000	9,500,000,000	629,719,886	6,297,198,860	Exercise of 602,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
December 2017	$ 9.55/share	950,000,000	9,500,000,000	633,193,886	6,331,938,860	Exercise of 3,474,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711
February 2018	$ 9.55/share	950,000,000	9,500,000,000	635,688,886	6,356,888,860	Exercise of 2,495,000 shares of employee stock option issued in 2007 (First)	None	Dec. 18, 2007 Financial-Supervisory Securities -I No.0960070711

Types of shares

Types of shares	Authorized capital (share)			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	605,688,886	314,311,114	920,000,000	
GDR	30,000,000	None	30,000,000	

Information of overall declaration system: Nil.

(II)The structure of shareholdings

April 14, 2019

Shareholder / Quantity	Government agencies	Financial institutions	Other institutional investors	FINI and FIDI	Natural persons	Treasury stock	Total
Number of shareholders	0	19	132	295	53,596	0	54,042
Quantity of shares held	0	56,995,488	91,578,156	184,439,198	302,676,044	0	635,688,886
Proportion of holdings	0.00%	8.97%	14.41%	29.01%	47.61%	0.00%	100.00%

(III)The diversification of shareholdings

Face amount at NTD10/share April 14, 2019

Ranking of shareholding	Number of shareholders	Quantity of shares held	Proportion of holdings
1-999	17,391	2,574,649	0.41%
1,000-5,000	29,686	61,450,201	9.67%
5,001-10,000	3,932	30,822,070	4.85%
10,001-15,000	1,033	13,113,245	2.06%
15,001-20,000	633	11,850,658	1.86%
20,001-30,000	467	11,955,657	1.88%
30,001-40,000	232	8,359,623	1.32%
40,001-50,000	129	5,974,830	0.94%
50,001-100,000	243	17,667,124	2.78%
100,001-200,000	90	13,145,802	2.07%
200,001-400,000	74	20,983,630	3.30%
400,001-600,000	24	12,221,037	1.92%
600,001-800,000	18	12,480,108	1.96%
800,001-1,000,000	10	8,945,352	1.41%
1,000,001 and more	80	404,144,900	63.57%
Total	54,042	635,688,886	100.00%

(IV)List of dominant shareholders

April 14, 2019

Shares / Name of dominant shareholders	Quantity of shares held	Proportion of shareholdings
Liu, Ming-Hsiung	41,168,918	6.48%
Yeh, Pei-Chen	30,151,237	4.74%
Fubon Life Insurance Co., Ltd.	26,650,000	4.19%
Ma, Mou-Ming	23,673,383	3.72%
Citigroup Inc. is entrusted USA Citi Private to manage Eaton Asia Fund	22,280,000	3.50%
Yuanta Funds	19,320,837	3.04%
Ming Wei Investment Limited	14,062,200	2.21%
Cathay United Bank	10,339,000	1.63%
Shi Da Investment Limited	9,408,000	1.48%
Xi Wei Investment Co., Ltd.	9,063,075	1.43%

(V) The market price, net value, earning and dividend per share and related information in the last two years

Subject \ Year			2017	2018	By March 31, 2019
Market price per share (Note1)	Highest		56.80	90.00	51.60
	Lowest		37.60	36.20	38.00
	Average		41.91	58.78	44.38
Net value per share (Note2)	Cum-dividend		37.72	37.89	-
	Ex-dividend		33.90	(Note 7)	-
EPS	Weighed average number of shares		631,146,444	635,688,886	-
	EPS (Note 3)		4.41	4.04	-
Dividend per share	Cash dividend (Dollar)		4.00	3.00	-
	Stock divided	From retained earnings	-	-	-
		From capital reserve	-	-	-
	Accumulated unpaid dividends		-	-	-
Analysis on ROI	P/E ratio(Note 4)		9.50	14.55	-
	P/P ratio(Note 5)		10.48	19.59	-
	Cash dividend yield(Note 6)		9.54%	5.10%	-

Note 1: The information comes from TWSE's after-market trading information.

Note 2: The basis is the number of shares already occurred in previous years and filled out according to the distribution resolved by the shareholders' meeting next year.

Note 3: If retrospective adjustments are required for share distribution without consideration, earnings per share before and after the adjustment should be listed.

Note 4 P/E Ratio = Average closing price per share over the year / earnings per share.

Note 5 Price / Dividend Ratio = Average closing price per share over the year / cash dividend per share.

Note 6 Cash Dividend Yield = Cash Dividend per Share / Average closing price per share over the year.

Note 7 To be determined after the resolution from shareholders' meeting.

(VI) Dividend policy and implementation

1. Dividend policy:

The Company is under an environment of keen competition in the industry and a high level of uncertainty. In addition, the enterprise is at the mature stage of the life cycle. In consideration of the capital requirement for operation and long-term financial planning and meeting the needs of the shareholders in cash inflow, the Company, as a matter of principle, will appropriate 5% to 80% of the accumulated unpaid income as dividend for the shareholders. Cash dividend will be paid at no less than 5% of the total amount of dividend to be paid out, and such proportion will be adjusted by the resolution of the General Meeting depending on the actual profit position and availability of capital. The proposal of dividend payment presented by the board will be based on the industry level in dividend payment for maintaining proper balance and stability. Stock dividend will be paid out by the capitalization of capital surplus, and will be made in conjunction with cash dividend and in accordance with applicable legal rules.

2. The dividend payment plan as proposed in this General Meeting:

Unit: Share; NTD

Subject	New shares	Amount
Accumulated unpaid income (8,609,187,252) 5% 80%	-	430,459,363 6,887,349,802
Cash dividend from retain earnings (@$3.0)	-	1,907,066,658

(VII) The impact on the Company's operations and EPS of the stock dividend proposed by this shareholders' meeting: None.

As proposed at the present shareholders' meeting, cash dividend from retained earnings and capital reserve shall be distributed, without the issuance of bonus shares.

(VIII)Compensation for Employees and Fees for Directors and Supervisors

1. The percentage or range of compensation for employees and remuneration for directors stated in the Company's Articles of Incorporation:

   If there is a profit after the annual closing of books, this Company shall appropriate 3-10% as compensation for employees and not more than 3% as remuneration for directors. If there are accumulative deficits, the amount for covering the losses of previous years shall first be retained. The compensation for employees described above shall be distributed in either stock or cash, and the remuneration for directors shall be distributed in cash. Compensation shall be approved by over half of the directors at a board meeting attended by two-third of the board members. In addition, the compensation for employees and directors shall be reported to the meeting of shareholders

2. Bases for estimating the compensation for employees and remuneration for directors this period, calculating compensation for employees in stock, and accounting solution for differences between actually distributed amount and estimated amount:

   The compensation for employees and remuneration for directors and supervisors are estimated based on the balance from deducting accumulative losses in previous years from the income. If there is balance, this Company shall appropriate 3-10% as compensation for employees and not more than 3% as remuneration for directors.

   The compensation for employees is calculated at the closing price one day before the date of the resolution made by the meeting of shareholders and in consideration of the impact on the ex-right and ex-dividend date.

   There is no difference between the actual distribution amount of 2018 compensation for employees and remuneration for directors resolved by the BOD and the adopted estimates. Where there is a difference between the actual distribution amount and the estimates, the difference will be listed as a loss of the distribution year.

3. Information on the proposal on compensation for employees made by the board:
The board resolved in favor of the motion presented for the paid out of retained earnings for 2018 and the details are described as follows:

Unit: NTD/share

Subject	Quantity	Amount
Compensation for employee (10%): Compensation for employee -cash	-	328,323,019
Fees for directors (1.4%)	-	46,000,000

Note: The above amounts are the same as that estimates for 2018.

4. Retained earnings 2017 released as cash dividend to employees and fees for directors and supervisors:

Unit: NTD/share

Subject	Quantity	Amount
Compensation for employee (10%)): Compensation for employee -cash	-	342,967,946
Fees for directors (1.34%)	-	46,000,000

Note: The amounts of remuneration actually paid to the abovementioned employees and directors are consistent with those presented in the financial statements for 2017, i.e. TWD 342,967,946 for employees and TWD 46,000,000 for directors.

(IX) Stock buyback
In 2018 and as of the publication date of the annual report, our company has not bought back treasury stock.

II. Corporate bonds
No corporate bonds that have not expired yet.

III. Status of preferred stock
None.

IV. Condition of GDRs
None.

IV. Employee Stock Options:
The Company completed the employee stock options issuance in 2017. From 2018 through to the publication date of this year's annual report, no employee stock options had been issued.

VI. Issuance of New Restricted Stock for Employees
None.

VII. Issuance of New Stock from Merger or Acquisition of Other Companies' Stock
None.

VIII. Status of Capital Utilization Plan
Not applicable.

Five. Review of Operation

I.The business

(I) Scope of Operation

1. Content of business

(1) Manufacturing of computers and related components
(2) Information software services.
(3) Machinery wholesaling.
(4) Manufacturing of electronic parts and components.
(5) Digital information supply services.
(6) Manufacturing of wireless communications machines and devices.
(7) Manufacturing of prohibited telecommunications transmitters and equipment.
(8) Importing of prohibited telecommunications transmitters and equipment.
(9) Information software wholesaling.
(10) Computers and business machine and equipment wholesaling.
(11) Telecommunication equipment wholesaling
(12) Telecommunication equipment retailing.
(14) Any other business not banned or restricted by law with the exception of business that required special permission.

2. Business distribution:

Unit: NTD1,000

Proportion / Primary Products	2016		2017		2018	
	Sales value	%	Sales value	%	Sales value	%
Mother boards& display cards	45,474,979	86.87	50,151,215	83.75	49,950,519	81.99
Others	6,872,410	13.13	9,733,566	16.25	10,973,071	18.01
Total	52,347,389	100.00	59,884,781	100.00	60,923,590	100.00

Note 1:The above table shows net sales revenues.

3. Current products:

(1) AORUS Gaming Products.
(2) All Core 5GHz+ Ultra Performance Motherboard.
(3) Real Time Ray Tracing Technology High Performance Graphics Card.
(4) AI smart pens, notebook computers.
(5) Super integrated server series.
(6) Ultra illuminating peripheral products.
(7) Optoelectronic products.
(8) IoT Applications.

4. New product development plans:
   (1) AORUS Gaming Products.
   (2) High-end series of motherboard for the most updated platform.
   (3) The most updated super durable professional drawing display adapters.
   (4) The most updated AI smart pens, notebook computers.
   (5) Super integrated server series.
   (6) Ultra illuminating peripheral products.
   (7) Optoelectronic products.
   (8) IoT Applications.
   (9) Automotive electronics
   (10) The world's first tactical esports screen.

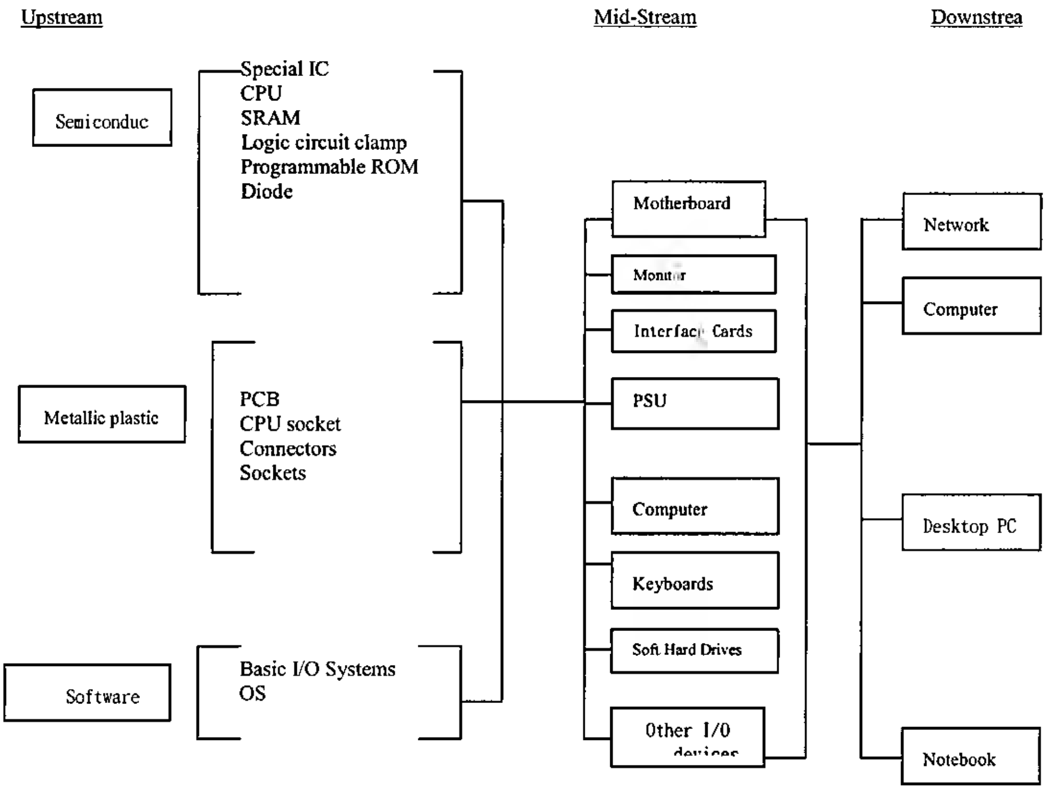
(II) Industry Overview:

1.Industry status and developments

In regards to the personal computer (PC) business, we had a great start in 2018 with Gartner research reports of increasing PC demand and a positive outlook for the PC market. However, in the second half of the same year, the global shortage of the central processing unit (CPU) and the uncertainty from the US-China political and economic relationships resulted in a slight decrease in global PC supply. Conversely, the growth outlook for eSports was positive, leading to a rise in the demand of high-end PC's. The launch of Intel®、NVIDIA®、AMD® products in 2018 ~ 2019 also fueled the increasing average sale price (ASP) of PCs, contributing to increased profit. In 2018, although the server market showed signs of weakening, there was an overall increase of 5% (DRAMeXchange) and we expect the market to grow with the launch of new platforms in 2019.

Although the 2019 outlook for the global PC market remains in a state of contraction, the recovering state of CPU supply sets a positive expectation of a gradual increase in demand. Coupled with the rapid development of the server market with big data and AI, we expect this year's business performance to be more stable.

2.The associations of the upstream, mid-stream and downstream industries



Increased specialization in the supply chain of the IT manufacturing industry is leading to closer integration between all of its parts.

3. Product trends and competition

(1)Product development trend

The breadth and depth of artificial intelligence (AI) application is evident, as can be seen from smart devices, big data, deep learning and cloud computing supporting a host of new technologies, new platforms, new software and new applications. User experience is enhanced through digital interaction via the digitally created virtual and interactive scenarios of virtual reality (VR), augmented reality (AR) and mixed reality (MR). Gigabyte's core strength is to build a comprehensive suite of smart living applications focused on the consumer. Focusing on research and development of a diverse range of software and hardware requirements to produce the ultra-cool gaming desktop computer, tactical gaming monitor, AI high performance notebook, super micro gaming processor and professional drawing workstation; an entire product line intelligently connected via smart devices and full-service servers. With the all-inclusive range of products focused on the ultimate user experience, Gigabyte has created a new generation of smart living that emphasizes service as well as customer satisfaction.

In 2018, although the server market saw a contraction (IDC) after having enjoyed 4 quarters of double-digit growth, the global demand for cloud computing and ecommerce remains positive.Gigabyte has focused on the R&D and integration of smart cloud computing services, offering the optimum solutions related to big data, AI computing, hyper-converged computing framework and other application specific requirements which was well received by the customers and led to continuous revenue growth.

We continued to innovate with the support services and hardware design for components like the motherboard and graphics card, collaborating with professional suppliers Intel®, NVIDIA®, AMD® to ensure the consistent supply of quality components. At the same time, with our leading R&D position in the industry, Gigabyte have effectively integrated software, hardware and services to produce innovative, high-performing, ultra-convenient, easy-to-use, green and energy-saving products and solutions, building our PC brand as the go-to model in the industry.

As Gigabyte continues to pursue sustainable operations, "Upgrade Your Life" is the guiding principle and goal that we continuously aim to achieve, not only focusing on the industry but also on the sustainable values in the economical, environmental and social context. To that end, we are aggressively operationalizing our "Reduce, Share, Love the Earth, Collaborate" sustainable development strategy. In regards to products, starting from the original design, we have taken into account the effect of carbon emission, successfully implementing packaging for the eSports notebooks made of 100% agricultural waste like rice husks. In regards to the environment, we have continued working with the UNEP-approved Plant-for-the-Planet foundation to kick start the "Make Earth Green Again" program, working hand-in-hand with the consumers and collaborative partners to make the mission of "Upgrade Your Life" a focal point for all of us.

(2)Competition

The PC market experienced a positive trend with increased demand in 2018. However, due to the adverse impact of CPU supply shortage on the overall industry and uncertainty from the US-China economic and political relationship, the PC market suffered a slight decline (Gartner data). This situation was exacerbated by the fluctuation in the foreign exchange market that negatively impacted the supply market and the global chip manufacturers. With our excellent management systems and robust business infrastructure, Gigabyte has been able to rise up these external market challenges. Through our quick and accurate response to market changes, we have managed to launch our products seamlessly, safely overcoming any market challenges.

Intelligence, differentiation and personalization are the key drivers in the research and development of our products. The product must be functionally aligned to the consumer's habits, providing optimum interaction and service. Additionally, the product must be able to meet the needs of a diverse range of customers based on user interaction, segmentation and value exchange; and create the value most desired by the customer through the integration of intelligent analysis and cloud computing.

(III) Technology and R&D:

Continuing research and development is a Gigabyte legacy. Every year, we appropriate at least three per cent of sales revenue to research and development to secure key hardware and software technology for future growth and devote product value innovation and brand sustainable development. In recent years, our efforts have been rewarded by numerous international awards, such as iF and Red Dot. Moreover, Gigabyte products have been exhibited in the President's Office of the Republic of China and Taoyuan International Airport to represent the achievements of Taiwan brands. All these show Gigabyte's solid technical capacity and R&D power.

1. Spending on research and development in the last two years until the date this report is printed:

Unit: NTD1,000

Subject	2017	2018	By March 31, 2019
R & D spending	1,944,001	1,868,136	430,468

Source: Consolidated financial report certified (audited) by CPA

2. Successful technologies or products developed over the two previous years up until the date of publication:

(1) 2017

a.Top notch mainboard on the planet

We launched the brand new hi-end X299 platform and AX370 platform "Gaming" series motherboards, with a more innovative design, using excellent voltage regulator module (VRM) with ultra-durable high-quality materials, it can perform the ultimate efficacies of the latest Intel 18 cores Core™ i9 7980XE processor perfectly. It will definitely be the best choice for players to build a high-quality computer. Meanwhile, the X299 and AX370 Gaming series motherboards are embedded with a brand-new fancy RGB FUSION which equipped with Turbo B-Clock advanced overclocking only chips, Smart Fan 5 and many other GIGABYTE exclusive technologies to launch the most powerful, trendy, and most complete gaming products with all energy of the company. From the player's experience point of view, close to the most real requirements of player, to build up an ultimate gaming community for players.

b.Market-leading graphics card

Launched two AORUS water-cooled gaming graphics cards equipped with flagship GTX 1080 Ti graphics chip. It will bring the player with the smoothest and quietest 4K and VR gaming experience, they are:

①AORUS GeForce® GTX 1080 Ti WATERFORCE Xtreme Edition 11G

The graphics card utilizes the integrated water-cooling module of WATERFORCE, and pre-assembles the most challenging part of the water-cooling system. This eliminates the trouble associated with complicated assembling and subsequent maintenance and making it easy to set up for the users who are unfamiliar with water-cooled installations or its their first upgrade. The key core components are all cooled by the WATERFORCE water-cooling module. The large copper sheet on the front of the graphics card quickly dissipates the waste heat generated by the GPU and VRAM. The exclusive AORUS VR Link function designed only for VR virtual reality applications, it's the only graphics card on the market that supports 3 DPs and 3 HDMI outputs simultaneously, making it easy for players to use the original HDMI port to connect to VR device even when using HDMI screen and then experience an immersive virtual reality game without adapter, and easily meet the I/O output requirements of VR devices or multiple HDMI screens.

②.AORUS GeForce® GTX 1080 Ti WATERFORCE WB Xtreme Edition 11G

This open water-cooled graphics card equipped a fully-covered water-cooled head for easy installation. It is not necessary to use the traditional method to disassemble the fan unit on the card and provide complete product warranty. Together with the exclusive connection of VR output technology, hi-end materials, and full-color RGB lighting, etc. The players who are seeking the ultimate gaming experience will enjoy the smoothness of a top speed gaming experience.

c.Innovation in Industry and Market-leading Graphics Card

①R&D, Innovation Cloud Service Server

Cooperate with HyperScalers which is a world-class customer and rich in branding experience, utilize ultra-ultra-dense CPU coverage, full RAM utilization, and highest density design exceed the performance boundaries, launching products to the market with high reliability, high performance, and superior service. The products include the first extendedly used based on the latest Intel platform, Cavium ARM 48/36 core and 8GPU 2U GPGPU server, and provides Gigabyte Server Management (GSM) to perform remote configurations and management functions at the node or cluster level.

②Cloud Computing Solution

Provide Cloud Computing solution successfully, received the orders from a significant customer and the profit keep increasing. With the launching of more trendy R&D products, Gigabyte will maintain innovations to provide the solution of Cloud market, big IoT, and datacenter.

③Cooperate with AMD to Launch EPYC™ Platform Products

Adopt multi-core design, provide impressed performance, HPC ultra-dense solution, hi-frequency PCIe support, I/O and power function. It is also equipped with a new server platform of multi-CPU, offered another new option for the x86 field. In addition, the development of AMD's new GPGPU Server has provided a more flexible GPU solution.

d.Hi-End Gaming Laptop

Gigabyte launched a new generation notebook computer that lead the high-end specification P56 and Sabre 15, which focuses on the new generation gaming community. Along with seventh generation Intel Processor, through remarkable upgrade system performance and excellent energy saving efficiency, advanced and ultra-gaming product series will lead notebook players and professional users to move to move on to a brand new generation.

e.Champion of Super Micro PC Brix™

Countless award-winning super micro gaming desktop computer BRIX Gaming VR

This computer re-defined the consumer's anticipation of the performance of mini PC, changed the definition and price of the gaming computer, mini, light, upright and trendy appearance but still retained its upgradeability just like a high-performance desktop computer. The innovated design allows for the Gigabyte BRIX Gaming VR to be integrated into house decorations and will not impact daily life because of the operational noise while also providing the best using experience.

f.Endless Awards Gaming Peripherals

①Gigabyte launched AORUS K9 Optical Gaming Keyboard

Implementing the latest patented optical axis technology, the optical axis technology uses light shielding to generate signals, which not only speeds up the reaction time to the light speed of 0.03ms but also eliminates the situation of oxidation abrasion like traditional metal domes. Meanwhile, the player can also disassemble and replace the keycap and the switch. No matter the strong key response of green switch or the silence of red switch, with the brand new patented optical switch technology, players can replace with freely, the multi-switch combination will be realized on AORUS K9 Optical. The customized exclusive key response feeling will make players become the highlights of the arena!

②AORUS M3 Gaming Mouse

Adaption of outstanding gaming optical sensor core (Pixart 3988) will support up to real 6400dpi, while the DPI value can be adjusted to the optimum sensitivity in 50dpi units according to the player's requirements, eliminating the adaptation period required by the player when replacing the new mouse completely. This provides players with the ultimate in control, speed and accuracy.

③AORUS H5 Beryllium Diaphragm Horn Gaming Headset

With the dual characteristics of light weight and high rigidity, the beryllium diaphragm can prevent the diaphragm from generating unneeded tremors and noise, allowing sound waves to be transmitted freely and shows excellent frequency response.

(3) By the report publication date

a. World's top motherboards

We launched the H370 AORUS GAMING 3 WIFI and B360 AORUS GAMING 3 WIFI motherboards using H370 and B360, the brand new chipsets of Intel®. The new motherboards are equipped with Intel® Wireless-AC 9560 wireless network modules, support the Intel CNVi™ WiFi technology and Bluetooth 5.0, can operate at the Ethernet transmission speed of more than 1 GB and allow gamers to enjoy a faster and stabler wireless network with broader coverage. Moreover, with Realtek ALC1220-VB sound chip and the Smart Headphone Amp feature, the new motherboards can automatically detect headphone impedance to adjust output power, so that the sound output can be clearer. In addition, the H370 AORUS GAMING 3 WIFI and B360 AORUS GAMING 3 WIFI motherboards are powered by Gigabyte's universally acclaimed Ultra Durable technology. Combined with quality power supply design, and supporting the CEC 2019 Energy Conservation Code, such motherboards provide customers with stabler and more durable and energy efficient motherboard options.

b. Market-leading graphics cards

We launched the advanced graphics cards from our hottest gaming brand AORUS that are tailored for gamers and can meet the most powerful graphic functions required by gamers who seek extremely high image quality and perfect gaming experience Windforce Cooling System, the independently developed cooling system, is equipped with the patented WINDFORCE Stack fans and innovative copper back plate to significantly enhance cooling performance. We launched powerful closed and open water-cooled gaming graphics cards for gamers who need advanced liquid cooling effect. Coupled with unique WATERFORCE fans and copper back plates design, our closed water coolers can cover all key components and provide all-round cooling performance. In order to bring gamers extremely high-performance gaming experience with extreme comfort, the optimized waterway design for fluent liquid flow efficiently exchanges the waste heat from major components at zero noise to maintain steady operation of the GPU and memory chip at a low temperature in overclocking state. Our AORUS graphics cards support RGB FUSION. With splendid customizable 1670 kaleidoscopic RGB lighting effect, they enable every gamer to recklessly create personalized AORUS gaming space.

In addition, we launched the innovative AORUS Gaming Boxes with built-in advanced graphics cards. With high speed transmission interface the latest Thunderbolt™ 3, our light and slim laptops have evolved into gaming platforms which provide consumers with portability of laptops and perfect gaming performance.

c. Innovation-leading cloud severs

Dedicated to the research and development of business IT products, we provide integrated products from user terminals to computer centers. Apart from excellent product compatibility, we persistently apply innovative technologies in product design and keep close cooperation with key chipset suppliers to launch new products:

Along with the new generation of server processors launched by Intel and AMD in the second half of 2017, we launched a new generation of server product line with dual-processor architecture the first half of this year. In addition to the host servers and standard rack-mounted servers that were launched to the market simultaneously, we launched high-density servers suitable for ultra-integration of architecture, GPU accelerator servers and storage device products applied in deep learning and artificial intelligence.

In conjunction with the revision plan for Intel server products, Gigabyte will launch the first server products supporting Intel Xeon E single processors in June in sync, providing SMEs with domain hosting services, storage systems and powerful firewall. The performance of web servers of new models, in particular TCO, which is a more optimized product selection.

Gigabyte does not simply develop x86 architecture-based products, it continues to demonstrate great strength in electronic engineering and software development and work with leading manufacturers of various types of chipsets to laumch calculator products with different architecture. For example, it worked with IBM to launch the OpenPower server products based on the Power9 architecture at the OpenPOWER US Summit 2018 (https://openpowerfoundation.org/summit-2018-03-us/) held in March 2018. Thanks to years of hard work in ARM, we have continuously shipped Socionext processor-based SynQuacer E-series compact servers to 96boards developers since the beginning of this year, and we will continue to invest in Cavium chipsets as we did over the years. In the second half of 2018, we will gradually put various types of ThunderX 2-based server products into mass production.

d.Gaming laptops with unrivaled performance

Gigabyte Laptop is devoted to excellent research and development. Facing head-to-head competition in the gaming laptop market, the R&D team of Gigabyte adheres to consistent high-end performance and further innovates product lines based on users' needs. With the release of the first hexa-core CPUs for laptops, we further improved our laptop products. In addition, we provided the best entertainment solutions for mainstream gamers by launching the upgraded AERO series and Sabre series.

Gigabyte's celebrity laptop products "AERO" series highlight the perfect combination of gaming effect and business appearance and has favored by consumers as soon as they are launched to the market. In 2017, we released AERO 15 with narrow-frame 15-inch screen design, which was a stunning product in the eyes of global media. At the same time, we launched AERO 15X, a stand-alone graphics card using the Max-Q technology, which was named by definitive media as a must-buy product. HUANG JEN HSUN, CEO of NVIDIA®, displayed AERO 15X on US Consumer Electronics Show and defined it as the model of light and slim gaming laptops. The brand new version of AERO launched by Gigabyte in 2018, inherits the slim body, high performance, and long battery life features of the previous versions, has further upgraded processors, and provides users with two options - 144Hz high renewal rate screens and 4k high color field screen, taking account of the needs of regular gamers and professional users.

Gigabyte launched another brand "Sabre" in 2017. With reliable hardware specifications, competitive price and outstanding performance, the brand was warmly received by the market. In order to better meet the needs of gamers, we will launch a upgraded version of laptops equipped with the 8th generation of processors in 2018. With 120Hz gaming screen and RGB illuminated keyboard, this version will bring new gaming experience to users, and we look forward to injecting new momentum to the market with this version.

In response to the rise of self-media, audio and video clips, images and other file transfer content creation popularity, performance requirements no longer limited to video game players, needs to expand joint led the overall performance laptop market. Gigabyte fully understands the PC market, improves its existing product lines based on the market's needs for creation and gaming and continues to bring amazing products to the market, and has become the best laptop choice for professionals and video game players.

e. Mini PC system champion—Brix™

We launched the 8th generation Intel® Core quad-core CPUs of brand new design that support DDR4 memory and of which the performance has improved by 40% against that of the previous generation of processors. Lightweight GIGABYTE BRIX mini computers have re-defined the norms on high performance computer motherboards. With minimum weight of 0.63 kg, a computer of this version can be easily place on one's palm. With IEEE 802.11 ac wireless network and Bluetooth 4.2, it is very suitable for creating various types of IOT use scenarios for home HTPC, Internet-connected office computers, digital advertisement signs, medical devices, KIOSK, etc.

(2) 2018

a.Top notch mainboard on the planet

Z390 AORUS gaming main board launched and rocked the market with its fully digital VRM along with cutting edge cooling design to provide power management and temperature control required by the high-perform new generation 8-core Intel® Core™ i9-9900K processor when overclocking. It is designed exclusively for full-core 5GHz+ to maximize extreme performance and outstanding overclocking capabilities of new CPUs.

Manic grade X399 series main board employs 12nm process designed whole new 2nd generation AMD Ryzen™ Threadripper™ processor, AMD TR4 sockets applicable, full-digital design providing 250W power required by 32-cores and 64-threads operation, and Fins-Array technology to improve cooling effects with tripled cooling area than its traditional counterparts.

b.Market-leading graphics card

Debut the industry leading AORUS GeForce® RTX Turing structure graphic card. It employs GIGABYTE selected overclocking edition premium GPU and 3 patents of AORUS: industry leading innovative 3-ring RGB light effects, 3 WINDFORCE 10cm stack fans, and 7 display output ports. Combines they are bringing users not only with the zenith computing performance but also the boutique visual experience and use enjoyment.

The industry leading 3-ring RGB light effects of AORUS are created by single fan and correlation of one LED lighting and fan speed. It may come up with any stunning lighting pattern by different LED lighting timing configuration and is unique on the graphic card market up to now.

c.Industry innovative cloud server

GIGABYTE is availing full-spectrum of server products including:

- the G-series for AI computing
- the H-series for hyper-converged infrastructure
- the S-series for big-data storage service
- the W-series workstations exclusively designed for multi-media designer or software development engineer
- the R-series for enterprise internal IT structure

- the OCP computing structure compliant RACKLUTION-OP cabinet products for mass deployment at large collocation centers

Committed to continuously innovation in high-performance servers, GIGABYTE is debuting its latest 1U server G190-G30 with support for 4 SXM2 acceleration cards featuring not only very good cooling design but also supports for 4 NVIDIA® Tesla® P100 or V100 acceleration cards with NVLink™ inline schema. Regarding inline transmission among GPUs, the NVLink™ technology comes with still better band width and connection structure over PCIe. Single NVIDIA® Tesla® V100 acceleration card runs 10 folds as fast inter-connection speed than existing PCIe 3.0 by its 6 NVLink™ connection to give one-way bandwidth at 25GB per second and total two-way bandwidth at 300GB per second. High speed bandwidth plus much shorter latency eliminates the data transmission bottleneck suffered by inter-connected GPUs and provides denser parallel computing capacity.

d.AI gaming notebook

Aligned with Microsoft, the leading AI company, GIGABYTE is launching the world first notebook featuring Microsoft Azure AI learning. High performance notebooks come with countless use modes being hard for users to choose the one suitable for desired software or game. This hampers users from selecting the optimum operation environment and result in either poor performance or wasted heat and noise by the computer. Base one user agreement, an AERO notebook may auto identify program now in use and upload it to Microsoft cloud for machine learning to get and send back the best system settings for running the program including CPU, GPU, keyboard backlight, fan, and audio. This enables users to have perfect high-performance use environment every time the notebook is started for productivity tasks or gaming in future.

The world first 5mm micro frame and X-Rite™ Pantone® color calibration certification. The X-Rite™ Pantone® is global recognized color system supplier and accepted by designers, manufacturers, retailers, and consumers accepted as the standard of color definition and the universal language adopted by the design industry. Every AERO 15X notebook by GIGABYTE is color calibrated with X-Rite™ Pantone® calibration equipment before delivery to ensure precision representation of the original color and enable designers to focus on their perfect art world.

e.Champion of Super Micro PC Brix™

By re-examining the essence of desktop computers and re-defining their values, engineers at GIGABYTE combine innovative ultra-compactness and aluminum enclosure with enriched texture of hairlines into a presentation of style, simplicity, and convenience for various applications in different market segment including home, business, and education. Accompanied with wide range of Intel® Core processors different models of BRIX not only meet consumers' computing device requirements at varying budgets but also set standard for full-function, high performance, and minicomputer. This sets BRIX ideal for small HTPC or multimedia system, suitable for home, office, and education environment, as well as good for commercial display like outdoor digital signage.

f.Endless Awards Gaming Peripherals

Industry shocking and world first tactical gaming monitor AORUS AD27QD by GIGABYTE.

Integrating multiple GIGABYTE exclusive and patent protected technology, the AORUS AD27QD display features 178 degree ultra-wide angle viewing range, 10-bit fine color, 95% DCI-Product super-wide color domain display, and VESA

certified DisplayHDR 400 compliant high-dynamic range display technology to give you unprecedented gaming image quality.
Based on the concept of eagle's diving down on its preys the monitor is designed with a central corner column looks like an eagle overlooking its territory and posing as the king of the sky. The innovative digital LED RGB light effects along with the AORUS exclusive RGB Fusion software control it reproduces the shocking impression of an eagle winging down to kill its preys on the ground!
The world's first – GIGABYTE exclusive tactical function!

(3) By the report publication date

a. World's top motherboards

We continued to satisfy the eSports enthusiasts with excellent gaming experience and meeting the goals of high performance and high durability for the overclocking gamers. Continuing with our tradition of producing high quality products, we have expanded this principle beyond the gaming motherboard with products that are most coveted by the consumers. In addition to meeting the diverse needs of eSPorts users, we have incorporated enhanced functionalities and specifications to cater to the workstation users as well.
In regards to power supply design, Gigabyte was the trailblazer in the industry to launch our flagship Z390 motherboard which incorporates a 16-phase full IR digital VRM enabled by the 8+8 Solid-pin CPU Power Connectors, offering precision in delivering power to each related component of the motherboard, releasing the absolute maximum performance from the new 8-core 9th Gen Intel® Core™ processors. Overclocking enthusiasts can easily attain the extreme performance of All Core 5GHz and truly control the brute-force power unleashed by the new processor in the motherboard.
Incorporating the media-acclaimed Fins-Array technology where the Direct Touch heat sinks make use of a large aluminum fin array and embedded heat pipes to directly dissipate heat, and nanocarbon base plate to enhance heat dissipation in the motherboard. Of special mention is Gigabytes top end Z390 AORUS XTREME WATERFORCE which uses a brand-new innovative heat dissipation monoblock design that uses water to cool down the CPU, VRM, chipset and M.2 SSD in one single loop, ensuring that the system maintains stability at the lowest temperature under extreme gamming and loading conditions. Coupled with the trendy aesthetics and the customizable, multiple lighting zones with multi-color, digital LED lighting design, this product enables gamers or liquid cooling enthusiasts to easily and conveniently build their personalized liquid cooling platform. We are honored that this product was awarded the 2019 Red Dot Design Award.

b. Market-leading graphics cards

Launched a new generation of patented innovative technology AORUS high-end graphics cards that incorporates the industry leading Turing architecture display chips:

AORUS GeForce RTX 2080 Ti XTREME 11G

AORUS GeForce RTX 2080 XTREME 8G

AORUS GeForce RTX 2070 XTREME 8G

Created the market's only RGB 3-ring light effect, transforming the images retained temporarily in the human eye into a kaleidoscope of colors. The all-in-one heat dissipation system, developed internally, is equipped with a stacked array of fan blades with a unique rotation design, effectively dissipating heat. With a total of 7 video outputs, the gamer can choose to connect to the

3xHDMI or 3xDP display. Enables the gamer to not only enjoy the top-notch computing capability of AORUS graphic cards but also experience a high quality feast for the eyes and user experience.

To meet the requirements of the top gamers, AORUS launched the new generation All-In-One monoblock cooling system WATERFORCE and the WATERBLOCK graphics card. An industry leader, the WATERFORCE has a built in 240mm black aluminum radiator and easily installed 2X 120cm dynamic adjustment fan that enables a unique gaming experience for the user. The AORUS WATER BLOCK feature, with its optimized water flow removing heat from the large copper plate with zero noise, customizable color options and numerous RGB lighting effects, is the best choice for the enthusiast who enjoys personalization. Professionally packaged direct from the factory with guaranteed quality and original warranty, the gaming enthusiast can use these high-quality graphics cards to create their very own eSports motherboard.

This year, we also launched the world's first real-time ray tracing and AI display cards in the AORUS RTX 2070 Gaming Box which, with ts compact and stylish design, is not space-consuming. The in-built NVIDIA Turing architecture graphics card GeForce RTX 2070 and Thunderbolt™ 3 plug and play for high-speed transmission not only enable the 3D graphics capability of the ultra-slim laptop but can also upgrade the ultrabook laptop PC into a gaming platform, with real-time ray tracing and AI, allowing the consumer to enjoy the ultimate gaming experience of the new generation, anytime, anywhere

Launched the world's first 7nm architecture game graphics card RadeonTM VII HBM2 16G using the AMD RadeonTM VII. In addition to the 7nm process technology, this RadeonTM VII graphics card uses AMD's second-generation "Vega" architecture, equipped with a 3840 stream processor and 16GB of high-bandwidth memory (HBM2), designed for the latest AAA games, eSports and virtual reality (VR) games, demanding applications like 3D rendering and image editing, and next-generation computing workloads, delivering superior performance and stunning experiences.

c. Innovation-leading cloud severs

Since the advent of EPYC in April 2017, AMD's market share in servers has increased from 0.8% in 2017 to 3.2% at the end of 2018. Riding on its excellent value, the next generation of the EPYC processor, will be launched in the second half of the year. Code-named Rome, the 2nd generation EPYC is regarded as the killer product that will further increase AMD's share of the server market. Being forward-thinking, Gigabyte had identified the EPYC, since its first launch, to be an integral part of our EPYC line of products. To that end, being an incumbent key partner of AMD in the server channels market, we have been collaborating with AMD on a comprehensive development program since the inception of the plan to launch the 2nd generation of EPYC. Together with AMD, we aim to launch a line of server products including computing, storage, high-speed computers, and hyper-converged architecture in the second half of the year.

The 5G mobile network is not merely a simple hardware upgrade to facilitate network speed improvement. It involves multiple conditions and requirements such as network speed, delay, the number of connected devices and service quality; it is a cross-domain network services architecture designed for future living. Presently, the deployment of 5G architecture is driven mainly by software and hardware refurbishing network architecture; from small cell technology upgrades, end computing and the gradual progress to server-based SDN hardware. Having accumulated 20 years of experience in providing hardware for vertical applications, Gigabyte Technolgy can offer a wide range of computing devices to meet the diverse application needs. Simultaneously, we are developing new working relationships with 5G chip suppliers, national R&D teams and network software vendors to address and prepare for compatibility challenges and software and hardware optimization to ensure that we are in an advantageous position once 5G is made official. We aim to use end computing and SDN products to target business opportunities in the enhanced mobile broadband and mission-critical services.

To prepare for the 3rd wave of the AI revolution, on top of adding more diverse G series servers products that support high volume GPU / FPGA for parallel accelerated computing. In addition to enhancing the performance of AI training products, leverage industry products that have cross-domain, cross-device capabilities to build footprint and launch AI commercial products that meet the respective needs. A computing module that extendes from the standard PCIe algorithm card (Influence card) to micro computing. Also, during the R&D process, observe the product performance to identify bottlenecks and respond with storage flash array architecture products to provide a bundled AI product that is complete and high performing. Designing array products with specific targets, provide the customers with the best flash storage and algorithms. This will minimize the performance bottlenecks created due to traditional storage devices being used to support AI training algorithms and at the same time, resolve complex issues related to system maintenance, like data islands (such as backup devices and data lakes), accelerating customer's depth of insight into the future.

d.Gaming laptops with unrivaled performance

Continue to actively research and develop excellence in the AORUS eSports notebook. In the face of white-hot competition in the eSports notebook market, the Gigabyte R&D team have persisted in their quest for high-end effectiveness, focusing on producing new product lines that meet customers' needs. Powered by All Intel® Inside technology and the NVIDIA® GeForce RTX™, the world's first AI notebook will provide the ultimate notebook-based gaming experience.

Roll out real time ray tracing technology eSports notebooks with the end goal of providing game graphic technology. This technology simulates the physical behavior of light to bring real-time, cinematic-quality rendering to even the most visually intense games like never before.

The AORUS series, equipped with a high-quality LG IPS 144Hz eSports screen offers phenomenal wide-viewing angles and smooth image reproduction that takes you to victory without skipping a frame！

High-speed access and massive storage space are what all players dream of. The AORUS electric pen has two M.2 slots and a 2.5-inch hard drive bay with a maximum capacity of 4TB, which is enough to cope with the increasingly large games and massive videos. It is not only expandable but also equipped with the high-quality Intel® 760p PCIe 3.0 x4 SSD and an unbelievable access speed of 3000 MB/s! The player gets to read big files in seconds, logs in to the game with zero wait time, always one step ahead of his opponent!

NAHIMIC is a military-grade audio software that delivers the 7.1 surround sound, immersive audio experience. In the past, it was difficult to ascertain the position of the opponent on the earphone while enduring the noise from the earphone. With pinpoint accuracy, the NAHIMIC3 extracts each element of the sound effect and delivers it to the gamer's ears without distortion. With this immersive surround sound experience, the gamer can quickly locate his opponent.

The AORUS R&D Center applies the latest technology to break through the performance and slim / light-weight barriers, with the exclusive heat dissipating technology packed into a chassis with a thickness of less than 2.5 cm and distinctive design cues that comes from the wings of a modern fighter jet. The seemingly simple AORUS 15 uses the purest power and cool heart to declare the determination to win!

e. Mini PC system champion—Brix™

As a key member of the Intel® IoT Solutions Alliance, Gigabyte is one of the pillars of the booming Internet of Things (IoT) computing market. We have developed many innovative reference designs for the Intel® new platform and expanded to a large number of professional IoT products and optimized customer solutions. Introducing the new 14nm Intel® Apollo Lake N4200 processor with ultra-miniature fanless design, area of 0.46L (165x105x27mm) and weighing 738g, with built-in RJ45 interface COM Port (RS232/422/485) connector, 2 sets of HDMI, 4 sets of USB3.0, equipped with Intel® IEEE 802.11 ac wireless network, supports Bluetooth 4.0NGFF, and has an expandable eMMC and Micro SD memory card slot. With its leading-edge performance and security capabilities, superior product quality and ultra-flexible input/output (I/O) design, the Gigabyte BRIXTM IoT is ideal for a wide range of IoT applications.

(IV) Long- and short-term business development plan:

Short-term plan:

(1)Market

Thanks to electronic gaming's gradually morphing into official sports and escalating race scale and development the total output is set to soar in 2019. The flagship brand, AORUS, of GIGABYTE is to penetrate markets vertically and horizontally by injecting more resources to develop player-centered, personalized, smart, innovative, intelligent, high-performance, simple and easy to use products as well as to top and lead the global gaming markets. Demands of cloud and AI appear robust in the cloud server markets, GIGABYTE has been working hard on the R&D and integration of smart cloud services and providing the best solutions in various application services first piece inspection big data, AI computing, and hyper-converged infrastructure. With wide acceptance and recognitions by target customers, they are to push further growth in sales and profit.

(2)Product

GIGABYTE is projected to develop diversified new generation product and service in the following segments. To name a few. Open platform: AORUS gaming boutiques, high-end main board series, super lasting professional graphic card, shining and sophisticated computer peripherals, and world first tactical gaming monitor. System platform: ultra-compact PC Brix and AI notebook. Cloud application: AI computing, hyper-converged infrastructure, big data storage service, enterprise IT structure, and other server products. Smart application: smart identification device, optoelectronic integration applications, automotive electronics and IoT application system solutions. GIGABYTE is continuing in integrating hardware and software, adding new product elements to meet satisfy different user groups.

(3)Marketing

AORUS will continue to lead the gaming markets with enthusiastic and amazing products and combine new product line into dreamy gaming space to drive player interactions into next level as well as to provide the most suitable products and services through precise marketing and close contact with each consumer.

(4)Sales Channel Establishment

Expand into business model of B2B2C, strengthen existing channel marketing while cooperating with e-commerce platform for more sales and guided sales, and undergo precision segmentation marketing and services to grow brand and operational performance by leading competition into assistance.

(5)Manufacture

Faced with uncertainties brought by Sino-American trade war, worsening shortage of manpower in Taiwan, rising production costs in mainland China, GIGABYTE is to push for more automated and smarter production to save manpower in coming years and reduce trade risks in the long run.

(6)Service

With dawning new generation of AI, the cyber-physical combined smart and full-channel service mechanism is precision-focusing on customers for lasting and good relationship. With innovative technologies including new retailing and customer service smart robots, GIGABYTE is to further improve customer satisfaction and deliver values committed at speed faster than in the past.

(7)Social Responsibility

GIGABYTE is pursuing sustainable development based on its vision of "Better life with innovative technology". The 4 dimensions of sustainable growth, operation, product, environment, and community, is aimed to develop low carbon technology with its outstanding R&D and innovative capacity. In addition to multiple Taiwan Enterprise Sustainability Awards in 2017 and iF design award for its environment friendly package of renewable crop fiber in 2018, GIGABYTE is committed to create sustainable values for itself, the environment and the society and achieve the goal of mutual benefits with environment friendly products and services and community caring mindset.

Long-term plan:

(1) With the brand ethos of "Revolutionize Technology, Beautify Life," Gigabyte continues to launch attractive and competitive products and further expands product lines.

(2) Adapting to cloud technology, Gigabyte seeks newer and more diversified innovative products to explore market opportunities in different areas, expand the size of the market and create more value for customers and sustainable profit for the Company.

(3) Gigabyte is specialized in the R&D of products with high quality, ultra-durability, and high performance and the development of green products and green technologies in a hope to turn green products and technologies into the customer's trust in Gigabyte and thereby to enable greater growth for the company.

II.Market and Sales

(I) Market Analysis

1. Main product (service) market regions:

To further expand company's performance, improve channel management and strengthen customers' satisfactions, we have service sites all around the globe including Western Europe, Eastern Europe, China, Northeast Asia, Southeast Asia, Australia, India, Middle East, North America, South America and Australia in order to provide after-sales, product and consulting services.

Sales volume and value over the last three years:

Unit: NT$1,000

Region \ Year	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Asia	25,318,233	48.36	23,888,974	39.89	23,086,287	37.89
Europe	12,063,750	23.05	19,050,960	31.81	21,073,660	34.59
North America	9,221,220	17.62	9,857,624	16.46	11,421,629	18.75
Other regions	3,271,558	6.25	4,405,701	7.36	3,457,737	5.68
Domestic sales	2,472,628	4.72	2,681,522	4.48	1,884,277	3.09
Total	52,347,389	100.00	59,884,781	100.00	60,923,590	100.00

2.Market share, future supply & demand in the market, and growth potential:

(1)Market Share

Gigabyte has an extensive reach and depth of experience in the channels market.Together with our excellent brand image, product awareness and recognition, we have been able to maintain a leading position in the market.Although the PC channels market has not progressed in 2018, Gigabyte has enjoyed sustainable growth due to our strength in R&D, excellent channels management and our speedy and flexible response to market dynamics. We have retained our lead in regards to the motherboard and cards product lines, with some regions taking top spots in global sales. We are also focused on the research and development of big data, AI computing and hyper-converged architecture to develop optimum solutions for smart cloud computing applications which have been well-received by the customers and helped us in our quest to be #2 in channels. We will continue to focus on product quality, effectiveness and services, creating brand value and competitiveness through industry-leading performance, innovative products and an efficient supply chain.

(2)Market Supply

In 2018, the overall PC market declined by 1.3% (Gartner) due to shortage of the related components and uncertainties from the US-China political and economic tension. In the same report, the expectation was set that if the component supply issue is resolved, the demand for PCs will be deferred until 2019. With the launch of the new Intel®, NVIDIA®, AMD® products and the continuing launches of major eSports games, the outlook for the 2019 eSports market is positive growth. Gigabyte's AORUS series of eSports products, starting from the board card products, notebooks through to the eSports peripherals, transform continuously from personalization to cloud AI, creating an ultra-cool immersive user experience.

(3)Market Demand

The 1st half of 2018 generated satisfactory results due to the demand for cryptocurrency and cloud computing resulting in increased market demand. By the 2nd half, the decline of the digital currency initiated the decrease in market demand, resulting in a contraction in the global demand for servers by Q4. At the same time, CPU supply went into shortage, adversely impacting market demand which gradually recovered after the new generation products were launched. Although the 2019 PC market demand still remains in a contracted state, we expect that with the resumption of CPU supply, the demand for PCs will gradually recover from its deferred state. With the market for big data, AI and other servers gradually showing signs of movement, market demand is expected to be stable.

3. Competition Niche; Advantageous and Disadvantageous Factors for the Prospects of Development; and Responding Strategies

a.Industry development and vision

Favorable Factors	Unfavorable Factors	Countermeasures
●By dint of new operating mode, new platforms, new architecture, new technologies and new services, niche products of high quality, high performance and high value can be continuously introduced to meet market demand. ●With the advent of eSports development, Gigabyte ' s top-notch eSports brand AORUS continue to extend its reach and depth in the market, leading double digit growth. ●The rapid development of blockchain, big data, AI computing, hyper-converged architecture and other smart cloud computing applications have led to growth in the cloud server business. ●We have production capacity that can provide high quality, great flexibility and low cost. ●Continue to strive towards "Reduce, Share, Love the Earth, Collaborate" and produce friendly products, services and care for the society. Actively create sustainable value to achieve our goal of mutual benefit for the greater good fo Gigabyte, the environment and society.	●Mobile computing has slowly transformed consumer habits, driving the merging of and and cloud computing or the switch from land-based to cloud based computing; making the market ecosystem more diverse and complex. ●The market and business operations have been challenged by the uncertainties from international politics and economics which have resulted in fluctuations especially in tax rates, exchange rates, prices of raw materials and logistics costs.	●Develop diverse and innovative productsbased on cloud technology, cloud application services, cloud servers and smart digital living. Respond to diverse market and application needs by providing specific solutions accordingly and enhance brand competitiveness. ●Prepare for responsive action to be taken in the face of uncertain international politics and economics by appropriate adjustment of regional proportion, the flexibility and cost of locations selected for production. ●The channel markets in various areas were scattered and were not vulnerable to fluctuations in a single area, resulting in operational dilemma. In order to reduce operational risks, in addition to improving the response speed of supply chains, it is necessary to pay close attention to market changes and strengthen the transfer of operational risks.

b. Product development and operational management

Favorable Factors	Unfavorable Factors	Countermeasures
●We have the top-notch and most innovative R&D team in the industry, our products have won numerous international awards, and we can provide the most amazing product experience. ●Gigabyte's core competence is to provide a omprehensive suite of smart living applications focused on the customer's needs. Conduct R&D targeted at the software and hardware needs in diverse domains. Leverage digital interaction to create a fantasy space for an immersive user experience. ●Turn R&D and product advantages into brand and channel competitiveness to promote brand image. ●Excellent corporate image, comprehensive management systems, financially healthy with sufficient capital. ●Let green technology and product be the measures of our customers trust and reliance on Gigabyte. Increase the competitiveness of the Company's green technology and create more value for sustainable business operation.	●The stagnant growth of the PC market has reduced the profitability of the relevant industries. ●Shorter product lifespans, rapid price fluctuations, consumer market demand, component supply, exchange rate fluctuations, changing cost of raw materials have added to the challenges facd by the business. ●Export-oriented practice prone to Forex volatility.	●Continue diversified operations and the R&D of diverse equipment and services while focusing on the stars of tomorrow – eSports and cloud computing. Implement the product and market diversification strategy to improve profit. ●Leveraging our competence in R&D, excellence in channels management and rapid and flexible response to market changes, the business management team has segmented the various markets and products, collaborating with first-rate international suppliers and using technology, standards, scheduling and service to stay ahead of the competition and seize market opportunities. ●Pay close attention to Forex volatility and promptly adjust Forex position when appropriate to minimize exchange risk.

c. Marketing

Favorable Factors	Unfavorable Factors	Countermeasures
●eSports cards and peripheral products have the top position in many countries across the world. Where we are placed in 1st position, continue to maintain the lead with intensive relationship management and building. ●The continuous development of the market will be enabled by the rapid development of cloud applications, the server market, future 5G implementation and AIoT applications. ●With the market trending towards diversification, Gigabyte will conduct R&R on the software and hardware needs of a diverse range of markets and professional domains to provide new and innovative products and solutions, for market satisfaction. ●Generate 100% customer satisfaction through segmented marketing and after-sales service.	●With rapidly evolving market dynamics, in addition to industry competitors, we are now faced with opponents that could come from any domain, intensifying the competition and causing adverse effect on profit.	●Further cultivate the channel markets, pays close attention to market trends and product development, respond to segregation of different markets and products with by providing intelligent, personalized and customized products. By providing products catering to consumers' needs for personalization, we can keep away from price competition and quickly respond to and capture market changes to improve profitability.

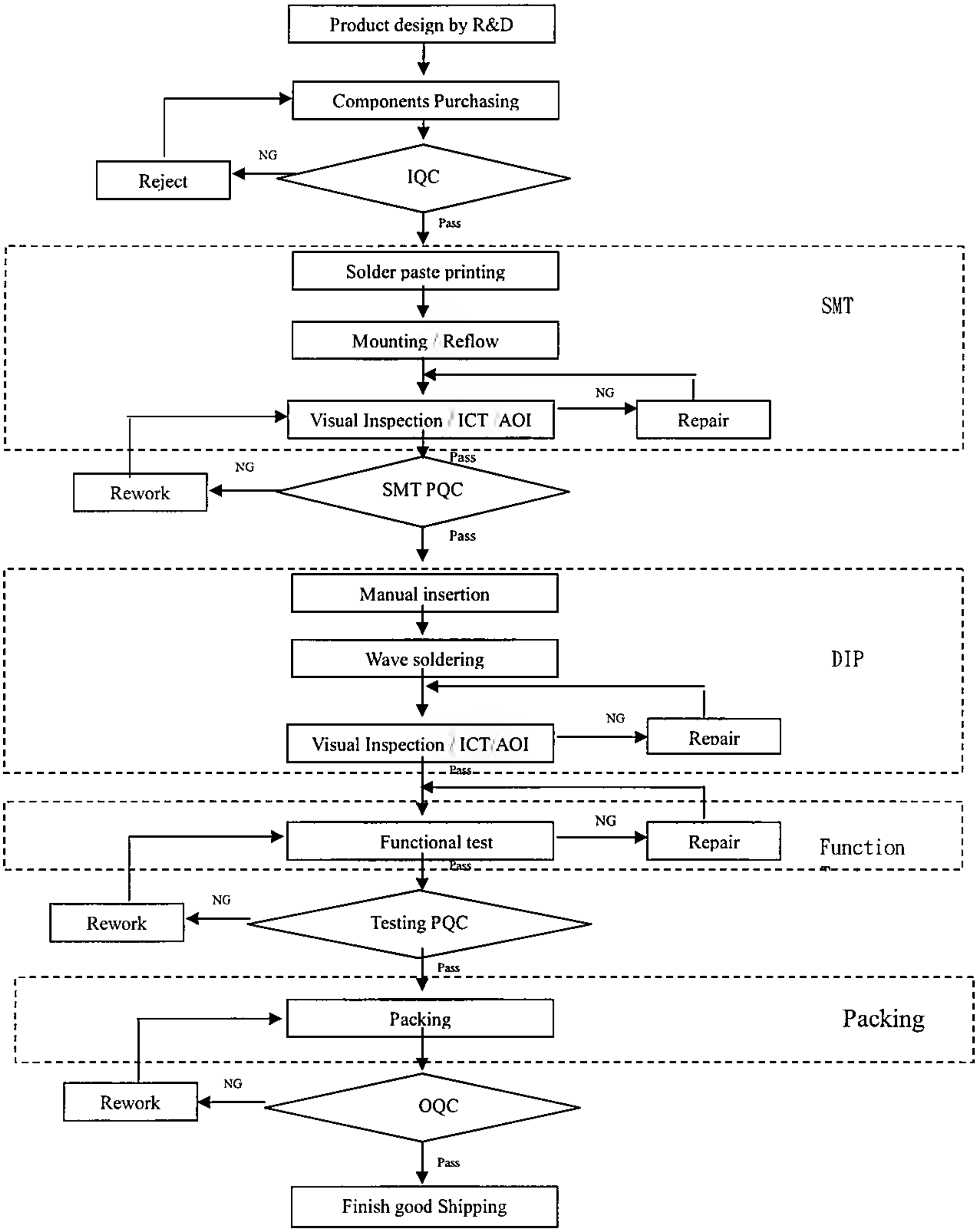
(II) Primary use and production process of premium products:

1.Primary functions of major products: computer motherboards and 3D drawing accelerator cards are the key core assembled in PCs.

The mini computer system is Gigabyte's unique ultra-thin and lightweight computer with stylish appearance, maintaining the same upgradeability as high-performance desktops.

With high computing power, servers can provide various services to numerous Internet users and is an indispensable and important device in the cloud environment.

2.Production Process:



(III) The supply of key materials:

Name of product	Name of key materials	Primary source of supply	
		Primary source of supply	Status
Mother board & Graphic card	Chipset & IC	INTEL	Stable
		NVIDIA	Stable
		AMD	Stable
	Other key components	GLOBAL BRANDS MANUFACTURE LTD.	Stable
		Foxconn Interconnect Technology Ltd.	Stable
		LOTES CO., LTD	Stable
		Golden Elite Technology (Shenzhen) Ltd.	Stable

(IV) List of customers or suppliers representing more than 10% of the total purchase or sales in any of the last two years:

1. List of customers that have imported an annual total of at least 10% of Gigabyte's sales volume in either year of the last two years:

Unit: NTD 1,000

	2017				2018				2019 Q1			
No.	Name	Amount	Percentage to annual purchase (%)	Relationship with the Company	Name	Amount	Percentage to annual purchase (%)	Relationship with the Company	Name	Amount	Percentage to annual purchase (%)	Relationship with the Company
1	INTEL	6,821,638	13.98	None	INTEL	6,850,926	12.77	None	INTEL	1,594,924	11.61	None
2	Nvidia	18,546,037	38.00	None	Nvidia	18,192,633	33.91	None	Nvidia	5,120,257	37.26	None
	Other	23,433,998	48.02		Other	28,609,962	53.32		Other	7,026,279	51.13	
	Total purchase	48,801,673	100.00		Total purchase	53,653,521	100.00		Total purchase	13,741,460	100.00	

Given the Change in the product portfolios and market environment, there are Changes in the suppliers, buyers, amount and proportions to total purchase and sales.

2. List of buyers representing more than 10% of the total sales in any of the last two years: None.

(V) Production volume and value over the last two years:

Unit: 1,000 pieces; NTD million

Production volume and value / Product	2017			2018		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Mother boards& display cards	17,663	16,661	42,301	16,966	15,534	43,402
Others	1,204	1,896	11,177	956	2,157	16,477
Total	18,867	18,557	53,478	17,922	17,691	59,879

(VI) Sales volume and value over the last two years

Unit: 1,000 pieces; NTD million

Sales value and volume / Product	2017				2018			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Mother boards& display cards	431	1,349	15,570	48,802	369	1,408	14,066	48,543
Others		1,156		8,578		1,352		9,621
Total		2,505		57,380		2,760		58,164

Note: This table lists net sales

III.Profiles on employees over the last two years as of the date of publication

March 31, 2018

Year		2017	2018	2019 March 31
Number of employees	Line personnel	685	693	698
	Supporting personnel	1,898	1,892	1,907
	Total	2,583	2,585	2,605
Average age		36.6	37.9	38.7
Average year of service		7.47	9.6	9.8
Education (%)	Doctorate	0.3%	0.3%	0.3%
	Master	14.6%	14.4%	14.5%
	University	68%	68.6%	68.3%
	High school	13.2%	13%	13.5%
	High school below	3.9%	3.7%	3.4%

Source: Statistical data compiled by Gigabyte

IV.Information on environmental protection expenditure in the most recent year and up to the publication date of the annual report

(I) Losses and fines due to pollution in the most recent year: None.

(II) Future responding strategies and possible expenditure:

According to a report released by the American National Oceanic and Atmospheric Administration (NOAA), global greenhouse gas emissions have again increased significantly in 2017 with carbon dioxide concentrations rising to 405 ppm (405 parts per million), resulting in a worsened state of global warming. Last year, the unusually hot temperatures in the Arctic resulted in the total volume of ice being melted at a record high. Bushfires caused by extreme heat and extreme weather conditions are also becoming more common.

Countries in the world have thus tightened their environmental regulation. Every year the EU increases the substances of very high concern (SVHC) in REACH and adds to RoHS2 four controlled items for plasticizer that will take effect on July 22, 2019. Environmental and social issues have always been our concerns. To effectively mitigate and address to environmental and regulatory impacts, we began conducting assessments on supply chain sustainability in 2012. Apart from assessing and advising our existing suppliers on quality, punctuality, service, cost and hazardous substance management, we also require suppliers to conform to the Code of Conduct for Responsible Business Alliances and non-use of conflict minerals. In addition, we will promote energy saving, emission reduction, water saving, and waste reduction to protect Earth together with suppliers in pursuit of sustainable development and increased competitiveness.

Projected environmental protection spending three years ahead:

Currency: in NTD 1,000

	2016	2017	2018	2019
A. The content of anti-pollution equipment planned to procure or spending	Continue to implement ISO 14064 GHG emission verification and promote the Gigabyte 333 waste reduction, water reduction, and emission reduction program. Develop the product lifecycle and environmental impact assessment system to work for environmental protection together with suppliers. Continue eco-design, green procurement, green production and marketing to turn Gigabyte into a green brand to fulfill CSR.	1.Continue to promote the Operation Gigabyte 333 and team up with suppliers to continuously reduce product emissions reduction for Earth—our home 2.Complete the product life cycle and EIA system to reduce product carbon emissions. 3.Optimize the energy on-line monitoring system, improve the VFD pump of the central air-conditioning system, development PV generation, and update the cooling equipment of the cooling tower.	1.We will promote use of carbon-free natural packaging materials to make our products environmentally friendly and consumer-friendly. This is not only sustainable, but also cost-effective, so that consumers can easily identify our products and form awareness in recovery and that Gigabyte's corporate purpose of "Revolutionize Technology, Beautify Life" can be served. 2. Continue to promote GIGABYTE 333 reduction plan, in promoting "MFCA Material Flow Cost analysis" From a practical working surface waste reduction; External held "reduction · Share · Love the Earth Alliance" supplier of the General Assembly, and suppliers Share Gigabyte case actual reduction, sustainable development strategy and as a further invitation to suppliers to participate in Make Earth Green Again project to plant trees for the Earth, for the Earth sustainable dedicated force. 3.We will continue to promote the "Green earth • create hope with trees" campaign and call on consumers' response to the one-laptop-for-one-tree campaign. As soon as consumers complete the registration procedures online, Gigabyte will donate money needed in tree planting for the consumers to plant trees of hope for the Earth.	1.Launch Gigabyte's Reduce 333 program. Organize the "Reduce, Share, Love the Earth Alliance" supplier conference and share with the suppliers our "reduce" cases and our strategy and actions for sustainable development. 2.Organize the "Friendly Produt Design Competition" to coach and encourage tertiary students to be innovative use their creativity to design products that are friendly to the consumer, environment and society based on their concept of sustainability. 3. Organize the "Climate Academy" to educate schoolchildren about the global climate crisis and inculcate in them the ability and courage to solve the crisis.

	2016	2017	2018	2019
B. Expected improvement	Enhance the efficiency rate of energy and resources; eliminate hazardous substances; and strengthen sustainable supply chain management, to co-exist with Earth.	Effectively reduce waste quantity and carbon emissions, and enhance energy and resource efficiency.	Effectively cut cost, reduce waste quantity and carbon emissions, and enhance energy and resource efficiency.	Effectively cut cost, reduce waste quantity and carbon emissions, and enhance energy and resource efficiency.
C. Amount - environmental protection spending - procurement of equipment for environmental protection process	35,812 -	37,235 -	34,438 -	47,300 -

(III) The Impact of Environmental-Protection-Related Expenditure on the Company:

1. Impact on Net Profit

Promoting friendly design and sustainable development is our Company's established policy and a global trend. Our Company considers the complete lifecycle of products covering raw material acquisition; product design, manufacture, and use; and recycling, to reduce environmental impact and environmental load, provide customers with high-quality and high-efficiency products, extend product lifespan, and reduce electronic waste. While pursuing environmental protection, we also improve product competitiveness. All Gigabyte products comply with our Harmful Chemical Substances Requirements (HCSR) to reduce the potential risks of products and pursue sustainable development for the enterprise and environment. Although implementing eco-design and sustainable development did not increase our Company's production capacity but reduced our Company's net profit, they enable our Company to secure market share and promote brand image.

We promoted the MFCA Material Flow Cost Analysis in 2017 as we knew that by using the "loss cost" approach, the "waste reduction analysis" could improve the efficiency of use of materials and save costs. At the same time, we took account of material flow cost analysis for the purpose of environmental protection, thereby providing the industry with the best practices on sustainable resource management process. Continue to promote the “Gigabyte Technology Reduce 333 Program”, encouraging reduction in carbon, water and waste to improve resource efficiency and decrease operating costs.

2. Impact on our Status in the Competition

friendly design, environmental protection, energy saving, and emission reduction have become global trends and universal values. In recent years, we have been promoting friendly design, elimination of hazardous substances, and ISO 14064. In response to the tightening international environmental regulations, we work together with suppliers through supplier management and supplier guidance. We also observe local laws and 《Responsible Business Alliance (RBA) Code of Conduct》 at a high moral standard. We also request suppliers on the supply chain to comply with environmental protection, safety and health, labor rights, and labor condition standards, including “Conflict-Mineral-Free” policy; respect for employees; fair treatment of female and male employees; accountability toward production process and the environment. Besides improving organizational competitiveness, such awareness will be beneficial to enhance the global market share of Taiwan's 3C industries, so as to prevent measures to promote environmental protection and sustainable development from reducing our global competitiveness. Establish "Reduce, Share, Love the earth, Alliance" and convene the supplier conference to share with the supplies Gigabyte's actions to reduce carbon, waste and water, and the sustainability trend. Growing together with the supplier, generating win-win together.

3. Impact on the Company's Image

Since 2010, we have voluntarily published the "Gigabyte Corporate Social Responsibility Report" according to the Global Reporting Initiative (GRI) in both Chinese and English to report to all stakeholders Gigabyte's efforts, determination, and achievements in sustainable development. After winning in 2014 the Excellence in National Environmental Education from New Taipei City, we won in 2015 again the Excellence in National Environmental Education in the private sector category; in 2017, we were rated as a Model Enterprise in the electronics industry according to the CSR Survey by Global View Magazine, TCSA Climate Leader Award (as one of the 10 award winning enterprises), TOP50 Taiwan Sustainable Enterprise Award (among the 9 enterprises in technology sector, we ranked the 6th place), TOP50 Enterprise Sustainable Report Gold Award and ISO 14001+ Award. In 2018, the Vision "CSR Survey" published the Top 5 in the technology industry, Top 6 in education, Taiwan in the Top 21 global corporate citizen, TCSA limate lead award (13 corporations awarded),Top 50 Taiwan sustainable corporations (technology 14; Gigabyte placed 5th). The Top 50 gold award for corporate sustainability once again confirmed Gigabyte's progress made in driving sustainable development. "The calling of the corporation is to provide the consumer with products that are safe and of high quality. Helping the consumer to safeguard the environmental impact of our products is the corporation's responsibility." All products bearing the Gigabyte brand are produced with the principle of being environmentally friendly, actively pursuing the goals of low carbon, no contamination and zero waste. In 2018, we published Taiwan's first ever product environment report to describe the effect of the raw materials used and the production process of Gigabyte's products on the environment.We affirm the Company's practice in sustainable development. We will make continuous efforts to spread our social influence to make Gigabyte the industry's perpetual leader.

(IV) Our Company's Committed Environmental Protection Expenditures and Our Response to EU Environmental Guidelines Are Listed as Follows:

1. Committed Significant Environmental Protection Expenditures:

(1) Our Company has passed ISO 14001 environmental management system certification, requiring first level suppliers to install environmental management systems. Currently, all first level suppliers of Gigabyte have earned the ISO 14001 certification and are striving for pollution prevention and clean production.

(2) In 2005, our company became the first system brand company in the world that received the IECQ QC 080000 standard certification. Our products went through a lead-free manufacturing process. We also introduced green material management system and established a green supply chain. Through Green Supply Chain Management (GSCM), we coordinated systematically with suppliers and connect ourselves to relevant standard evaluation and recognition processes. We effectively communicate with suppliers. We trace, manage, and even eliminate components that contain restricted or banned chemical substances.

(3) Our Company has passed the OHSAS 18001 audit and is committed to improve our Company's safety and health system. We aim to prevent and control the

occurrence of accidents, delivering sustainable management with zero occupational hazard.

(4) The lifecycle carbon emission audit based on PAS 2050 carbon footprint standard has been completed for MD-300 Set-Top Box, one of our Company's Chennel sales products. The British Standard Institute (BSI) has issued a certificate of product carbon footprint verification for this audit engagement.

(5) Our Company promotes green design and recycling processes that are in compliance with all international environmental regulations.

(6) Apart from developing the clean production mechanism, developing energy-saving products, improving production process, and enhancing efficiency, we specifically implemented the ISO14064 GHG inventory system to disclose the GHG inventory and management information of this Company with the GHG report, so as to exactly capture the sources of GHG emissions, promote total participation and consensus, and continuously promote GHG emissions, mitigate global warming, and fulfill CSR.

(7) We activated the "Green Action Program" in 2009 to organize celebrity talks, sustainability and environment education, eco working holiday, and "One Thousand Miles" environmental service events for over 73,106 participants. With these activities, we have enabled employees to understand the importance of environmental protection, improved their awareness of sustainability and environmental protection, and equipped them with the basic knowledge, attitude, and skill for environmental protection. By activating the "Green Action Program 2.0"in 2016, we have established the Gigabyte Green Action Culture and promoted the eco-design concept to all employees to create new value for green products and pursue sustainable development for the enterprise and environment.

(8) We organized the "Green Product Innovation Activity: Innovation · Value · Sustainability". Based on the main theme "going green is free", we encourage employees to design green product with "Innovation · Value · Sustainability". As long as we are on the right track, "going green is free!" In 2016, we organized the "Save the Ocean; Reduce Plastics Movement" poster design competition. This was followed in 2017 by the "Reduce, Share, Love the Earth" friendly product design competition to develop tertiary students, letting them present innovative and creative ideas on sustainability, incorporating the economic principles of recycling. Starting at the origin, introducing the economics of recycling from the design phase of the product right through to the end phase of recycling, targeting the environment, society and the consumer to create friendly products.

(9) We put the mitigation and adaptation of climate change as part of enterprise sustainable operations and implement countermeasures in terms of GHG management and routine operations. We also build the eco-design-focus "G-Home Sustainable Eco-Roof" and promote it through industry-government -academia cooperation in order to provide a reference for an integrated, multifunctional solution for the mitigation and adaptation of climate change, aggressively reduce environmental load, and fulfill corporate social responsibility.

In June 2017, G-HOME, Gigabyte's sustainable living roof project, was certified by the Environmental Protection Administration, Executive Yuan. This did not only let G-HOME serve the purpose of promoting green roofs, but also turned Gigabyte into a great corporate citizen in the education field and called on everyone to cherish the seeds of caring love of the environment and achieve harmony between man and the environment, as of December 2018 there were 2,916 participants.

(10)For continuous reduction of product carbon emissions, we activated the carbon footprint calculation system for all products in 2016. By implementing this system, we hope to simplify the calculation of process of product carbon emissions and review the carbon emissions of products at each stage of the product life cycle. Apart from comparing the environmental impacts of each raw material and production process and finding opportunities and methods to reduce carbon emissions, we hope to provide a reference for developing friendly products. In 2018, we published Taiwan's first ever environmental product report, expanding the impact assessment data to include the effect on air quality and acidification of land/water domains. R&D personnel use this data to examine the environmental impact of the various products as they move through the different phases in their lifespan. The results of the study will form the basis identifying opportunities for reducing the environmental impact and develop plans for operationalization. We hope that you will join us in protecting the environment. To that end, Gigabyte Technology has compiled the environmental impact of our products and the recycle data in this environmental product report. We hope that this open sharing of information will help all of us to understand the environmental characteristics of each category of product and motivate each of us, be it the manufacturer or the consumer, to do our bit for a sustainable environment.

(11)By analyzing the effects and benefits of "G-Home Sustainable Eco-Roof" and "One Thousand Miles" of Gigabyte to Green Club with SROI, we found that both projects can bring positive social and environmental effects. In terms of benefits, we found that every NT$1 spent on "G-Home Sustainable Eco-Roof" can yield NT$7.88 back; and every NT$1 spent on "One Thousand Miles" can yield NT$4.54 back.

2. The Company sell its products directly and indirectly to EU, or areas governed by RoHS.
3. The compliance of the Company with RoHS is 100%. In 2017, in response to the RoHS 2 restriction on phthalates and the amended REACH regulations, we officially updated the HCSR to version 4.3, adjusting the control levels (Level B → Level A) of the 4 restricted phthalates (DEHP, BBP, DBP, DIBP) and added 2 restricted materials (DBB, PFOSF). All suppliers will be required to comply with Gigabyte's guidelines on the control of hazardous materials and be subjected to audit by Gigabyte.
4. The Company has been granted by the following companies or agencies the green product accreditation on environmental protection and ODM customer accreditation rate: 100%.
   (1) The first company in Taiwan being accredited the SGS IECQ QC080000 RoHS green product.
   (2) Approved by MOEA for a grant for supervision in Green Project in 2006, and complete the establishment and adaptation of GP system in 2007.
   (3) Recognition by international giant firms: Lenovo (IBM), Fujitsu, Hitachi, NEC, Toshiba, Samsung, LG, Acer, HP.
   (4) Equipment, production process, inspection standards and points of control are in place. There are also the ODM Mass Production and inspection for delivery locations with yield rate meeting the requirements of the customers.
   (5) By the end of Q1 2006, the Company has attuned to full compliance with RoHS and has met the requirement of EU as early as July 2006.
   (6) Complete the process and product evaluation of Halogen Free in 2008 to respond to the requirement of future environment protection law.

(7) As the first company in the world, we passed the third-party certification (BSI) of carbon footprint inventory with our STB (MD-300) according to PAS2050 on September 29, 2010. We also cooperated with 15 suppliers to arrange carbon footprint and inventory training for (raw) materials with the purpose of understanding the impact of the product on the environment at each phase of its life cycle. We also hope to build a basic database and use it as a basis for the development of green products to reduce impact on the environment and fulfill our responsibility to society.

V.Labor-Management Relation in the most recent year until the date this report is printed

(I) The status of employee welfare, continuing education, training, retirement system and others, and the agreement between the labor and the management and protection of employee benefits and rights:

1. Employee insurance:

   In addition to labor insurance and health insurance for employees and their dependents, we take out group insurance for each employee including life insurance, accident insurance, hospitalization insurance and medical payment for accidents and cancer as well as overseas travel insurance to protect the lives of employees and their families.

2. Annual wage adjustment and bonus:

   The wage adjustment will be implemented in accordance with annual price index, the wage adjustment ratio of the civil servant, the wage adjustment standard in the industry and the performance appraisal result. In addition, there is a bonus when sales targets are achieved.

3. Holiday bonuses

   Gigabyte provides employees with holiday bonuses ever Duanwu Festival and Mid-autumn Festival as well as end-of-year bonuses before the Chinese Lunar New Year.

4. Fringe benefits provided by the employee welfare committee

   The employee welfare committee of the Company is organized under law and by elected representatives of the employees. They will be responsible for the planning and execution of employee welfare. Examples are the organization for local and overseas traveling trips, gifts for the three major festivals, birthday gift vouchers, subsidized for matrimonial, celebration and funeral occasions, scholarships for the children of employees, special offers by participating shops, recreation and entertainments, social functions, language training programs, and the Company will subsidize employees in taking local or overseas trips for pleasure. The amount of subsidy will vary with the years of service

5. Training and development of employees: according to the training system of the career development

   Develop training development system using core career as mainstream and emphasis on the cultivation of professional management, at the same time, host arts and humanity seminars irregularly to widen employees' views and balance out career and life. Establish e-learning platform to provide an irregular learning environment. Our scheduled training includes educational training for newcomers, professional management training, pre career training, specialized skill training, product enhancement training, general training, English language lesions and e-learning program.

6. Employee stock ownership program

   Since 2010, Gigabyte has provided stock ownership for employees above a certain rank. These employees may convert a percentage of their monthly salaries or bonuses to a trust to acquire company shares. Gigabyte will also provide additional funds for encouragement so that employees can also benefit from the Company's profits and strengthen the loyalty and bond with the employees.

7. Employee share subscription warrant

   Since 2007, Gigabyte has implemented a program for employee share subscription warrants, allocating share subscription warrants to employees based on their performance and contributions to this company so that they may also benefit from the Company's profits.

8. Reward for innovation

   Any new idea for positive contribution to the Company proposed by employees will be rewarded, including management, marketing planning, research and development and production.

9. Feedback:

   The opinion of staff is important. Therefore, the suggestion box and message board are used to find out the opinion of staff on the management system, executive leadership, welfare system and work environment for good labor relations. There has never been a labor dispute in the history of our company.

10. After July 2005, the employer contributes labor pension that is six percent of monthly wages of the employee into the individual account of the employee at Labor Insurance Bureau due the change in policy that requires individual retirement account. The retirement system of the Company has been instituted in accordance with the Labor Standards Law. The Company hires an actuarial expert to work on the job, and appropriate 2% to 15% of the total salaries disbursed for each month as a contribution to the pension fund liability at the approval of the Taipei County Government. Such contribution, which is 2% for current period, will be deposited at the trustee account at the Bank of Taiwan under the title of the Pension Fund Supervisory Committee.

(II) Loss caused by labor-management dispute in the most recent year until the date this report is printed, the estimated amount of loss in the future, and measures to deal with the problem: The labor-management relation has been harmonious since the establishment of the Company in 1986. No loss has ever been inflicted from this cause.

VI.Major agreements

(I) Agreements expiring within one year: None.

(II) Agreements still in force:

Type of contract	Contracting parties	Term of agreements	Content	Restriction
License Agreement	QUALCOMM Incorporated	2006/7/21- indefinite	Patent authorization	Prohibition on assignment of rights
License Agreement	HDMI Licensing, LLC	2006/8/9- expiry of every patent	Patent authorization	Prohibition on assignment of rights
License Agreement	DTS , Inc.	2014/4/24- expiry of every patent	Patent authorization	Prohibition on assignment of rights
License Agreement	AMI, Taiwan Branch	2018/1/1- 2020/12/31	Patent authorization	Prohibition on assignment of rights

Six. Financial Position

I.Condensed balance sheet, income statement and auditors' opinions covering the period of last five years

(1) Condensed Balance Sheet and Statement of Comprehensive Income -IFRS

Condensed Balance Sheet (Entity) - IFRS

Unit: NT$1000

Item \ Year		Financial information covering the last five years (Note1)				
		2014	2015	2016	2017	2018
Current assets		20,338,014	21,437,954	24,821,408	26,488,634	22,746,564
Property, plant and equipment(Note2)		2,237,019	2,259,952	2,213,725	2,160,918	2,462,212
Intangible assets		33,245	23,648	27,774	14,014	41,766
Other assets(Note2)		10,355,510	8,767,128	8,210,714	9,398,723	10,543,158
Total assets		32,963,788	32,488,682	35,273,621	38,062,289	35,793,700
Current liabilities	Cum-dividend	9,993,677	9,440,375	11,914,724	13,402,546	11,165,092
	Ex-dividend	11,692,012	11,013,032	13,551,761	15,945,302	Not distributed yet
Non-current liabilities		410,009	509,339	548,392	569,842	545,133
Total liabilities	Cum-dividend	10,403,686	9,949,714	12,463,116	13,972,388	11,710,225
	Ex-dividend	12,102,021	11,522,371	14,100,153	16,515,144	Not distributed yet
Equity attributable to owners of the parent		22,560,102	22,538,968	22,810,505	24,089,901	24,083,475
Equity		6,288,829	6,290,629	6,291,179	6,356,889	6,356,889
Capital surplus	Cum-dividend	4,592,155	4,601,581	4,602,046	3,962,314	3,924,357
	Ex-dividend	4,592,155	4,601,581	3,972,416	3,962,314	Not distributed yet
Retained earnings	Cum-dividend	11,243,132	11,399,606	12,092,633	13,840,935	13,417,437
	Ex-dividend	9,544,797	9,826,949	11,085,226	11,298,179	Not distributed yet
Other Equity		435,986	247,152	-175,353	-70,237	384,792
Treasury stock		0	0	0	0	0
Non control Equity		0	0	0	0	0
Total equity	Cum-dividend	22,560,102	22,538,968	22,810,505	24,089,901	24,083,475
	Ex-dividend	20,861,767	20,966,311	21,173,468	21,547,145	Not distributed yet

* If the Company compiles financial statements on an entity basis, the Company should additionally compile the entities' condensed balance sheets and consolidated profit & loss statements for the last 5 years.

* For companies that have adopted IFRSs for less than five years, the companies should also compile the following table (2) under ROC GAAP.

Note 1: Years during which the financial statements have not been audited by CPAs should be noted.

Note 2: If the Company has performed asset revaluation in the current year, the Company should state the date when the revaluation was performed and the revaluation gain amount.

Note 3: The figures after the aforementioned distribution are based on the shareholders' meeting resolution in the following year.

Note 4: If the financial information have been revised or compiled as directed by the competent authorities, list the amended or re-compiled data with clear annotations and explanation.

Condensed Statement of Comprehensive Income (Entity) - IFRS

Unit: 1000 NTD

Item \ Year	Financial Information covering the last five years (Note 1)				
	2014	2015	2016	2017	2018
Revenue	50,505,531	47,662,757	49,735,072	57,213,666	57,984,926
Gross profit	7,702,355	6,996,041	7,314,934	8,089,336	7,650,552
Operating income	1,894,367	1,476,134	1,934,481	1,974,088	1,756,180
Non-operating income & expenses	927,704	880,033	899,318	1,066,623	1,152,727
Pre-tax profit	2,822,071	2,356,167	2,833,799	3,040,711	2,908,907
Net Income from continuing operations	–	–	–	–	–
Earning of discontinued operation	–	–	–	–	–
Net income (loss)	2,397,618	1,920,065	2,292,864	2,786,411	2,566,512
Other comprehensive income (net after tax)	176,559	-254,090	-449,685	74,414	15,130
Total comprehensive income for the period	2,574,177	1,665,975	1,843,179	2,860,825	2,581,642
Net profit attributable to owner of parent	2,397,618	1,920,065	2,292,864	2,786,411	2,566,512
Net profit attributable to non-controlling interests	–	–	–	–	–
Total comprehensive income attributable to owner of parent	2,574,177	1,665,975	1,843,179	2,860,825	2,581,642
Total comprehensive income attributable to non-controlling interests	–	–	–	–	–
EPS ($)	3.82	3.05	3.64	4.41	4.04

* If the Company compiles financial statements on an entity basis, the Company should additionally compile the entities' condensed balance sheets and consolidated profit & loss statements for the last 5 years.

* For companies that have adopted IFRSs for less than five years, the companies should also compile the following table (2) under ROC GAAP.

Note 1: CPAs have audited the consolidated financial information in previous years referred to above.

Note 2: Losses from discontinued units are shown as net earnings after deduction of income tax.

Note 3: If the financial information have been revised or compiled as directed by the competent authorities, list the amended or re-compiled data with clear annotations and explanation.

Condensed Balance Sheet (Consolidated) - IFRS

Unit: 1000 NTD

Item \ Year		Financial information covering the last five years (Note 1)					Financial information as of March 31, 2019 (Note 3)
		2014	2015	2016	2017	2018	
Current assets		26,841,912	27,846,683	30,955,717	33,623,284	28,959,419	31,702,724
Property, plant and equipment(Note2)		4,231,520	4,022,766	3,905,043	3,876,017	4,131,468	4,105,448
Intangible assets		49,730	34,144	54,230	33,056	51,998	67,613
Other assets(Note2)		2,569,464	1,337,040	1,309,060	1,265,315	2,591,710	3,234,156
Total assets		33,692,626	33,240,633	36,224,050	38,797,672	35,734,595	39,109,941
Current liabilities	Cum-dividend	10,653,629	10,132,956	12,651,024	13,983,138	10,955,638	13,475,513
	Ex-dividend	12,351,964	11,705,613	14,288,061	16,525,894	Not distributed yet	Not distributed yet
Non-current liabilities		460,883	554,258	604,083	582,210	610,291	686,949
Total liabilities	Cum-dividend	11,114,512	10,687,214	13,255,107	14,565,348	11,565,929	14,162,462
	Ex-dividend	12,812,847	12,259,871	14,892,144	17,108,104	Not distributed yet	Not distributed yet
Equity attributable to owners of the parent		22,560,102	22,538,968	22,810,505	24,089,901	24,083,475	24,879,109
Equity		6,288,829	6,290,629	6,291,179	6,356,889	6,356,889	6,356,889
Capital surplus	Cum-dividend	4,592,155	4,601,581	4,602,046	3,962,314	3,924,357	3,924,357
	Ex-dividend	4,592,155	4,601,581	3,972,416	3,962,314	Not distributed yet	Not distributed yet
Retained earnings	Cum-dividend	11,243,132	11,399,606	12,092,633	13,840,935	13,417,437	13,664,866
	Ex-dividend	9,544,797	9,826,949	11,085,226	11,298,179	Not distributed yet	Not distributed yet
Other Equit		435,986	247,152	-175,353	-70,237	384,792	932,997
Treasury stock		0	0	0	0	0	0
Non control Equit		18,012	14,451	158,438	142,423	85,191	68,370
Total shareholder's equity	Cum-dividend	22,578,114	22,553,419	22,968,943	24,232,324	24,168,666	24,947,479
	Ex-dividend	20,879,779	20,980,762	21,331,906	21,689,568	Not distributed yet	Not distributed yet

* If the Company compiles financial statements on an entity basis, the Company should additionally compile the entities' condensed balance sheets and consolidated profit & loss statements for the last 5 years.

* For companies that have adopted IFRSs for less than five years, the companies should also compile the following table (2) under ROC GAAP.

Note 1: Years during which the financial statements have not been audited by CPAs should be noted.

Note 2: If the Company has performed asset revaluation in the current year, the Company should state the date when the revaluation was performed and the revaluation gain amount.

Note 3: CPAs have reviewed the consolidated financial information in the current quarter referred to above.

Note 4: The figures after the aforementioned distribution are based on the shareholders' meeting resolution in the following year.

Note 5: If the financial information have been revised or compiled as directed by the competent authorities, list the amended or re-compiled data with clear annotations and explanation.

Condensed Statement of Comprehensive Income (Consolidated) - IFRS

Unit: 1000 NTD

Item / Year	Financial information covering the last five years (Note 1)					Financial information as of March 31, 2019 (Note 2)
	2014	2015	2016	2017	2018	
Revenue	54,541,687	50,828,792	52,347,389	59,884,781	60,923,590	16,025,140
Gross profit	9,468,383	8,761,412	9,069,697	10,198,857	10,123,214	2,607,788
Operating income	1,806,159	1,251,738	1,688,998	2,226,350	2,275,588	145,433
Non-operating income & expenses	1,138,810	1,419,921	1,273,323	949,277	677,183	174,590
Pre-tax profit	2,944,969	2,671,659	2,962,321	3,175,627	2,952,771	320,023
Net Income from counting operations	–	–	–	–	–	–
Earning of discontinued operation	–	–	–	–	–	–
Net income(loss)	2,400,322	1,922,700	2,284,350	2,713,506	2,496,125	230,599
Other comprehensive income(net of tax)	176,559	-254,090	-449,685	74,409	15,127	548,214
Total comprehensive income for the period	2,576,881	1,668,610	1,834,665	2,787,915	2,511,252	778,813
Net profit attributable to owner of parent	2,397,618	1,920,065	2,292,864	2,786,411	2,566,512	247,429
Net profit attributable to non-controlling interests	2,704	2,635	-8,514	-72,905	-70,387	-16,830
Total comprehensive income attributable to owner of parent	2,574,177	1,665,975	1,843,179	2,860,825	2,581,642	795,634
Total comprehensive income attributable to non-controlling interests	2,704	2,635	-8,514	-72,910	-70,390	-16,821
EPS ($)	3.82	3.05	3.64	4.41	4.04	0.39

* If the Company compiles financial statements on an entity basis, the Company should additionally compile the entities' condensed balance sheets and consolidated profit & loss statements for the last 5 years.

* For companies that have adopted IFRSs for less than five years, the companies should also compile the following table (2) under ROC GAAP.

Note 1: CPAs have audited the consolidated financial information in previous years referred to above.

Note 2: CPAs have reviewed the consolidated financial information in the current quarter referred to above

Note 3: Losses from discontinued units are shown as net earnings after deduction of income tax.

Note 4: If the financial information have been revised or compiled as directed by the competent authorities, list the amended or re-compiled data with clear annotations and explanation.

(II) Name of Public Accountants in the last five years and opinions:

Year	Public auditors	Opinion
2014	Xiao, Chun-Yuan; Lin, Se-Kai	Modified unqualified
2015	Xiao, Chun-Yuan; Wang, Fang-yu (Note 1)	Modified unqualified
2016	Xiao, Chun-Yuan; Wang, Fang-yu	Unqualified opinion with explanatory paragraph
2017	Xiao, Chun-Yuan; Wang, Fang-yu	Unqualified opinion with explanatory paragraph
2018	Xiao, Chun-Yuan; Wang, Fang-yu	Unqualified opinion with explanatory paragraph

Note1: There has been reorganization of the PWC Public Accountants. Therefore, Xiao, Chun-Yuan, CPA and Lin, Se-Kai, CPA were reassigned, and Xiao, Chun-Yuan, CPA and Wang, Fang-yu, CPA were assigned as the public auditors to the Company in 2015.

II. Financial analysis for the past five years

(1) Financial Analysis (Entity) - IFRS

Subject (Note 3)	Year (Note 1)	Financial analysis for the past five years				
		2014	2015	2016	2017	2018
Financial structure	Liabilities to assets ratio (%)	31.56	30.63	35.33	36.71	32.72
	Long-term capital to Property, plant and equipment ratio (%)	1,026.82	1,019.86	1,055.19	1,141.17	1,000.26
Ability to repay debt	Current ratio (%)	203.51	227.09	208.33	197.64	203.73
	Quick ratio (%)	113.20	135.47	129.86	134.65	96.05
	Debt service coverage ratio	4,695.42	7,960.85	8,120.60	10,632.86	10,464.69
Utility	A/R turnover (time)	10.11	9.70	9.82	9.76	9.75
	Average days of payment	36	38	37	37	37
	Inventory turnover (time)	5.09	4.75	4.83	5.57	5.02
	A/P turnover (time)	7.60	7.35	6.37	5.71	6.41
	Average daily sales	72	77	76	66	73
	Property, plant and equipment turnover (time)	23.03	21.20	22.23	26.16	25.08
	Total assets turnover (time)	1.57	1.46	1.47	1.56	1.57
Profitability	Return on Assets (%)	7.43	5.87	6.77	7.60	6.95
	Return on equity (%)	10.80	8.51	10.11	11.88	10.66
	Net income before tax as a percentage of paid-in capital (%) (Note 7)	44.86	37.46	45.04	47.83	45.76
	Net profit rate (%)	4.75	4.03	4.61	4.87	4.43
	EPS ($)	3.82	3.05	3.64	4.41	4.04
Cash flow	Cash flow ratio (%)	23.50	36.71	29.60	28.80	-23.69
	Cash flow adequacy ratio (%)	92.86	85.39	93.79	118.78	63.27
	Cash reinvestment ratio (%)	1.90	7.15	7.79	8.45	-19.72
Leverage	Operation leverage	1.16	1.22	1.18	1.19	1.22
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Reasons for Changes in financial ratios in the last 2 years: (for changes of 20% or more)

1. Ability to repay debt: Mainly due to the decrease in purchases during the year compared to the previous year, resulting in a decrease in the amount of accounts payable.

* If the Company compiles financial statements on an entity basis, the Company should compile a separate financial analysis for each entity.

* For companies that have adopted IFRSs for less than five years, the companies should also compile the following table (2) under ROC GAAP.

Note 1: CPAs have audited financial information for the years listed above.

Note 2: Publicly traded companies or companies whose stocks are traded over the counter of securities dealers should also include the current year financial information as of the quarter before the publication date of the annual report in the analysis.

Note3: The equation for calculation shall be stated at the end of this table in the annual report.

1. Financial structure
   - (1) Liabilities to assets ratio = total liabilities/ total assets.
   - (2) Long-term capital to Property, plant and equipment ratio = (Gloss shareholder's equity + Non-current liabilities)/ Net Property, plant and equipment.
2. Ability to repay debt
   - (1) Current ratio = current assets/current liabilities
   - (2) Quick ratio = (current assets- inventory – prepayments)/current liabilities
   - (3) Debt service coverage ratio=EBIT/interest expense for current period.
3. Utility
   - (1) Account receivable (including account receivable and note receivable from business) turnover = net sales/average balance of account receivable (including account receivable and note receivable from operation).
   - (2) Average daily payment=365/account receivable turnover
   - (3) Inventory turnover= cost of goods sold/average inventory
   - (4) Account payable (including account payable and note payable from operation) turnover = cost of goods sold/average balance of account payable (including account payable and note payable from operation).
   - (5) Average daily sales = 365/inventory turnover
   - (6) Property, plant and equipment turnover = net sales /Average Net Property, plant and equipment.
   - (7) Total assets turnover = net sales/ Average total assets.
4. Profitability
   - (1) Return on Assets = [Earning + interest expenses x (1-tax rate)]/average total assets.
   - (2) Return on Equity = Earning /average net equity
   - (3) Net profit rate = Earning/net sales
   - (4) Earning per share = (Equity attributable to owners of the parent – dividend from preferred shares)/weighed average number of outstanding shares (Note 4).
5. Cash Flow
   - (1) Cash flow ratio = (net sales – variable cost and expenses from operation)/operating income.
   - (2) Cash flow adequacy ratio = net cash flow from operation over the last five years/(capital spending +addition to inventory + cash dividend) over the last five years.
   - (3) Cash reinvestment ratio = (net cash flow from operation – cash dividend)/ (gross Property, plant and equipment + long-term investment + other Non-current assets + working capital) (Note 5).
6. Leverage:
   - (1) Operation leverage= (net sales – variable cost and expenses from operation)/operating income (Note 6).
   - (2) Financial leverage= operating income/(operating income-operating expenses).

Note 4. While evaluating the formulas for EPS mentioned above, the following factors must be taken into consideration:

1. The number of common shares shall be based on the weighed average method and not the outstanding shares as of the end of the year.
2. Where there may be additional capital raised from the issuance of new shares or may be treasury shares trade, the outstanding period of the shares shall be considered in calculating the weighed average number of outstanding shares.
3. Where there may be the capitalization of retained earnings or of capital surplus, adjustment shall be made in proportion to the amount capitalized when calculating the earning per share for the previous year and the interim period. The term of the capitalization of retained earnings or capital surplus for new capital is not required for consideration.
4. If the preferred shares are non-convertible accumulated preferred shares, the dividend for current period (whether or not being paid out) should be deducted from earning or added to earning. If the preferred shares are not accumulative, dividend for preferred shares should be deducted from earning if there is a surplus. If there is loss after taxation, no adjustment is required.

Note 5: When conducting analysis on cash flow, pay attention to the followings:

1. Cash flow from operation shall be referred to the net cash inflow from operation as stated in the statement of cash flow.
2. Capital spending shall be referred to cash outflow for capital investment each year.
3. Addition to inventory shall be referred to the value at the end of the ending period is greater than that of the beginning period. If there is decease in inventory, put a zero.
4. Cash dividend includes cash dividend for common and preferred stocks.
5. The gross amount of property, plant, and equipment is the total balance of property, plant, and equipment before subtracting accumulated depreciation.

Note 6: The securities issuer should classify operating costs and operating expenses as fixed or variable. If estimates or subjective judgment is involved in such classification, the accounting staff must pay attention to the reasonableness and maintain the consistency of such classification.

Note 7: If the stocks of the Company do not have par value of have par values other than NT$10, the calculation of percentage of paid-in capital is calculated with the ratio of equity attributable to the parent company in the balance sheet.

Financial Analysis (Consolidated) - IFRS

Subject (Note 3)	Year (Note 1)	Financial analysis for the past five years					Financial analysis as of March 31, 2019 (Note 2)
		2014	2015	2016	2017	2018	
Financial structure	Liabilities to assets ratio (%)	32.99	32.15	36.59	37.54	32.37	36.21
	Long-term capital to Property, plant and equipment ratio (%)	544.04	574.06	599.60	636.53	597.70	622.73
Ability to repay debt	Current ratio (%)	251.95	274.81	244.69	240.46	264.33	235.26
	Quick ratio (%)	161.03	176.00	167.91	177.65	151.40	144.91
	Debt service coverage ratio	160.17	1,858.73	30.92	814.22	699.22	110.94
Utility	A/R turnover (time)	9.45	8.99	9.86	9.90	9.74	8.49
	Average days of payment	39	41	37	37	37	43
	Inventory turnover (time)	5.23	4.87	4.81	5.45	5.03	4.89
	A/P turnover (time)	8.20	7.97	6.69	6.01	7.31	8.77
	Average daily sales	70	75	76	67	73	75
	Property, plant and equipment turnover (time)	12.92	12.32	13.21	15.39	15.22	15.56
	Total assets turnover (time)	1.59	1.52	1.51	1.60	1.63	1.71
Profitability	Return on Assets (%)	7.02	5.74	6.84	7.44	6.90	2.67
	Return on equity (%)	10.80	8.51	10.11	11.88	10.66	4.04
	Net income before tax as a percentage of paid-in capital (%) (Note 7)	46.82	42.47	47.09	49.96	46.45	20.14
	Net profit rate (%)	4.39	3.78	4.38	4.65	4.21	1.54
	EPS ($)	3.82	3.05	3.64	4.41	4.04	1.56
Cash flow	Cash flow ratio (%)	26.72	34.55	33.22	27.92	-21.31	-3.23
	Cash flow adequacy ratio (%)	131.46	113.52	116.98	132.38	80.06	72.29
	Cash reinvestment ratio (%)	3.55	6.58	9.50	7.94	-18.04	-1.59
Leverage	Operation leverage	1.38	1.59	1.43	1.35	1.36	2.37
	Financial leverage	1.01	1.00	1.06	1.00	1.00	1.02

Reasons for Changes in financial ratios in the last 2 years: (for changes of 20% or more)
1. Ability to repay debt: Mainly due to the decrease in purchases during the year compared to the previous year, resulting in a decrease in the amount of accounts payable.

* If the Company compiles financial statements on an entity basis, the Company should compile a separate financial analysis for each entity.

* For companies that have adopted IFRSs for less than five years, the companies should also compile the following table (2) under ROC GAAP.

Note 1: CPAs have audited financial information for the years listed above.

Note 2: Publicly traded companies or companies whose stocks are traded over the counter of securities dealers should also include the current year financial information as of the quarter before the publication date of the annual report in the analysis.

Note3: The equation for calculation shall be stated at the end of this table in the annual report.

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/ total assets.
   (2) Long-term capital to Property, plant and equipment ratio = (Gloss shareholder's equity + Non-current liabilities)/ Net Property, plant and equipment.
2. Ability to repay debt
   (1) Current ratio = current assets/current liabilities
   (2) Quick ratio = (current assets- inventory – prepayments)/current liabilities
   (3) Debt service coverage ratio=EBIT/interest expense for current period.
3. Utility
   (1) Account receivable (including account receivable and note receivable from business) turnover = net sales/average balance of account receivable (including account receivable and note receivable from operation).
   (2) Average daily payment=365/account receivable turnover
   (3) Inventory turnover= cost of goods sold/average inventory
   (4) Account payable (including account payable and note payable from operation) turnover = cost of goods sold/average balance of account payable (including account payable and note payable from operation).
   (5) Average daily sales = 365/inventory turnover
   (6) Property, plant and equipment turnover = net sales /Average Net Property, plant and equipment.
   (7) Total assets turnover = net sales/ Average total assets.
4. Profitability
   (1) Return on Assets = [Earning + interest expenses x (1-tax rate)]/average total assets.
   (2) Return on Equity = Earning /average net equity
   (3) Net profit rate = Earning/net sales
   (4) Earning per share = (Equity attributable to owners of the parent – dividend from preferred shares)/weighed average number of outstanding shares (Note 4).
5. Cash Flow
   (1) Cash flow ratio = (net sales – variable cost and expenses from operation)/operating income.
   (2) Cash flow adequacy ratio = net cash flow from operation over the last five years/(capital spending +addition to inventory + cash dividend) over the last five years.
   (3) Cash reinvestment ratio = (net cash flow from operation – cash dividend)/ (gross Property, plant and equipment + long-term investment + other Non-current assets + working capital) (Note 5).
6. Leverage:
   (1) Operation leverage= (net sales – variable cost and expenses from operation)/operating income (Note 6).
   (2) Financial leverage= operating income/(operating income-operating expenses).

Note 4. While evaluating the formulas for EPS mentioned above, the following factors must be taken into consideration:

1. The number of common shares shall be based on the weighed average method and not the outstanding shares as of the end of the year.
2. Where there may be additional capital raised from the issuance of new shares or may be treasury shares trade, the outstanding period of the shares shall be considered in calculating the weighed average number of outstanding shares.
3. Where there may be the capitalization of retained earnings or of capital surplus, adjustment shall be made in proportion to the amount capitalized when calculating the earning per share for the previous year and the interim period. The term of the capitalization of retained earnings or capital surplus for new capital is not required for consideration.
4. If the preferred shares are non-convertible accumulated preferred shares, the dividend for current period (whether or not being paid out) should be deducted from earning or added to earning. If the preferred shares are not accumulative, dividend for preferred shares should be deducted from earning if there is a surplus. If there is loss after taxation, no adjustment is required.

Note 5: When conducting analysis on cash flow, pay attention to the followings:

1. Cash flow from operation shall be referred to the net cash inflow from operation as stated in the statement of cash flow.
2. Capital spending shall be referred to cash outflow for capital investment each year.
3. Addition to inventory shall be referred to the value at the end of the ending period is greater than that of the beginning period. If there is decease in inventory, put a zero.
4. Cash dividend includes cash dividend for common and preferred stocks.
5. The gross amount of property, plant, and equipment is the total balance of property, plant, and equipment before subtracting accumulated depreciation.

Note 6: The securities issuer should classify operating costs and operating expenses as fixed or variable. If estimates or subjective judgment is involved in such classification, the accounting staff must pay attention to the reasonableness and maintain the consistency of such classification.

Note 7: If the stocks of the Company do not have par value of have par values other than NT$10, the calculation of percentage of paid-in capital is calculated with the ratio of equity attributable to the parent company in the balance sheet.

III. Audit Committee's Review Report on 2018 Financial Statement

Audit Committee Approval/Audit Report

This Audit Committee has approved the individual financial statements of the Company and the consolidated financial statements of the Group for fiscal year 2018 that have been passed by the Board of Directors. The CPA firm PwC Taiwan was then retained to audit such statements by CPAs Chun-yuan Xiao and Fang-yu Wang and issued the "unqualified opinion with explanatory paragraph" audit report. These statements have been reviewed and determined to be compliant with all relevant laws and regulations. In addition, this Audit Committee has audited the business report and earnings allocation proposal of fiscal year 2018 passed by the Board of Directors and determined they have complied with relevant laws and regulations. This report is thus issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

Annual Meeting of Shareholders of GIGA-BYTE TECHNOLOGY CO., LTD.

Cheng-li Yang
Convener
Audit Committee

16 April 2019

IV. Audited Unconsolidated Financial Statements in the most recent year

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Occurrence of revenue from significant new counterparty

Description

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

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

How our audit addressed the matter

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

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

Assessment of allowance for valuation of inventory loss

Description

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

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

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

How our audit addressed the matter

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

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

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

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

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

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

Other matter – Report of other independent accountants

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chun-Yuan Hsiao　　　　Fang-Yu Wang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2019

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

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

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

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

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

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

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

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

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

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

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

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

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

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

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

(Continued)

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

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

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

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

1. HISTORY AND ORGANISATION

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

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

A. IFRS 9, 'Financial instruments'

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

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

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

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

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

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

Step 1: Identify contracts with customer.

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

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

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

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

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

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

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

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

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

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

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

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

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

IFRS 16, 'Leases'

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

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

(4) <u>Classification of current and non-current items</u>

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) <u>Cash equivalents</u>

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

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

Effective 2018

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

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

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

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

(7) Financial assets at amortised cost

Effective 2018

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

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

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

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

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) Operating leases (lessor)

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

(12) Inventories

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

(13) Investments accounted for using equity method / subsidiaries

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

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

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

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

(14) Property, plant and equipment

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

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

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

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

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

(15) Operating leases (lessee)

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

(16) Investment property

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

(17) Intangible assets

A. Computer software

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

B. Trademarks right

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

(18) Impairment of non-financial assets

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

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

(19) Notes and accounts payable

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

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

(20) Derecognition of financial liabilities

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

(21) Provisions

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

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Termination benefits

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

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

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

(23) Employee share-based payment

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

(24) Income tax

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

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

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

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

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

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

Sales of goods

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

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

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

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

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

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

(1) Critical judgements in applying the Company accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

Effective 2018

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

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

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

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

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

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

(3) Financial assets at amortised cost

Effective 2018

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

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

		2018
Interest income	$	765

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

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

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

(4) Notes and accounts receivable

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

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

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

The above ageing analysis was based on past due date.

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

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

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

(5) Inventories

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

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

The cost of inventories recognised as expense for the period:

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

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

(6) Investments accounted for using the equity method

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

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

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

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

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

(7) Property, plant and equipment

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

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

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

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

(8) Investment property

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

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

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

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

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

	December 31, 2017
Discount rate	1.845%

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

(9) Other non-current assets

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

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

(10) Other payables

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

(11) Provisions

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

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

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

(12) Pensions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(13) Share-based payment

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

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

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

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

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

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

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

(14) Share capital

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

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

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

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

(15) Capital surplus

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

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

(16) Retained earnings

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

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

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

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

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

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

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

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

(17) Operating revenue

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

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2018

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

B. Contract assets and liabilities

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

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

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

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

(18) Other income

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

(19) Other gains and losses

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

(20) Finance costs

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

(21) Expenses by nature

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

(22) Employee benefit expense

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

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

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

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

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

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

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

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

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

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

B. Reconciliation between income tax expense and accounting profit:

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

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

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

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

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

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

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

(24) Earnings per share

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

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

(25) Supplemental cash flow information

Investing activities with partial cash payments

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

(2) Significant related party transactions and balances

A. Operating revenue

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

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

B. Purchases

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

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

C. Processing expense

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

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

D. Warranty expense

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

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

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

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

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

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

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

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

G. Accounts receivable

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

H. Accounts payable

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

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

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

J. Property transactions

Acquisition of financial assets:

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

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

(3) Key management compensation

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

8. PLEDGED ASSETS

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

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

B. Risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

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

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

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

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

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

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

Price risk

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

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

Cash flow and fair value interest rate risk

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

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

(b) Credit risk

Effective 2018

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

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

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

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

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

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

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

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

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

	Not past due	Up to 30 days past due	31 to 60 days past due
December 31, 2018			
Expected loss rate	0.11%~1.13%	0.14%~1.38%	0.85%~8.47%
Total book value	$ 2,602,457	$ 504,224	$ 2,542
Loss allowance	$ 6,538	$ 717	$ 22
	61 to 90 days past due	Over 90 days	Total
Expected loss rate	4.52%~45.18%	10%~100%	0.11%~100%
Total book value	$ 6,660	$ 10,471	$ 3,126,354
Loss allowance	$ 1,446	$ 10,287	$ 19,010

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

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

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

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

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

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

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

(c) Liquidity risk

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

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

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

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

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

(3) Fair value information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. Summary of significant accounting policies adopted in 2017：

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

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

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

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

(b) Loans and receivables

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

(c) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

Financial assets measured at amortised cost

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

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

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

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

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

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

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

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

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

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

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

(b) Accounts receivable - net

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Sales revenue

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

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

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

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

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

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

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None

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

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

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

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

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

14. OPERATING SEGMENTS

None.

V. Audited Consolidated Financial Statements in the most recent year

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2018, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under IFRS 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

GIGA-BYTE TECHNOLOGY CO., LTD.

Dandy Yeh

March 15, 2019

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

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

In our opinion, based on our audits and the report of the other independent accountants, as described in the Other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 Group's consolidated financial statements of the current period are as follows:

Revenue from significant new counterparties

Description

Please refer to Note 4(31) for the accounting policies on revenue recognition. For the year ended December 31, 2018, the consolidated operating revenue amounted to NT$60,923,590 thousand.

Giga-Byte Technology Group's revenue is derived from numerous from different countries and there was no revenue from a single customer that exceeded 10% of the consolidated 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 counterparties 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 counterparties. Verified that the transactions with significant new counterparties have 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 counterparties.

4. Interviewed with management and obtained an understanding for the reason of accounts receivable overdue from significant new counterparties in order to evaluate the reasonableness.

5. Sampled and tested detailed revenue schedules of significant new counterparties and verified the original supporting documentation.

6. Sent accounts receivable confirmation letters to significant new counterparties. Investigated the reason and tested reconciling items made by the Group 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(14) for the accounting policies on evaluation of inventories; Note 5(2) for uncertainty of accounting estimates and assumption on inventory evaluation; and Note 6(6) for the details of the inventories. As of December 31, 2018, the inventories and allowance for valuation loss amounted to NT$12,493,921 thousand and NT$973,768 thousand, respectively.

Giga-Byte Technology Group 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 recognized for those inventories which exceed certain aging period or individually identified as obsolete inventories based on its net realisable value.

Given that the amount inventories is significant and that the individually identified net realizable 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 in the annual inventory count. Evaluated the effectiveness of management controls 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 aging period of aging and individually identified as obsolete and damaged, discussed with management and obtained supporting documentation of the evaluation on net realisable value, and performed recalculation.

Other matter – Report of other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method. Those financial statements were audited by the other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts included in the financial statements was based solely on the reports of the other independent accountants. The aforementioned equity investments were $48,519 thousand and $76,901 thousand, representing 0.14% and 0.20% of total consolidated assets as of December 31, 2018 and 2017, respectively, and total net comprehensive loss were $30,027 thousand and $8,946 thousand, representing (1.20%) and (0.32%) of total consolidated comprehensive loss for the years then ended, respectively.

Other matter – Parent company only financial statements

We have audited and expressed an unmodified opinion on the parent company only financial statements of Giga-Byte Technology Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chun-Yuan Hsiao　　　　Fang-Yu Wang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2019

The accompanying consolidated 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 consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

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

	Assets	Notes	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 8,610,907	24	$ 15,451,598	40
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	891,231	3	1,235,415	3
1125	Available-for-sale financial assets-current	12(4)	-	-	323,893	1
1136	Financial assets at amortised cost - current	6(4)	1,162,817	3	-	-
1150	Notes receivable, net	6(5)	3,047	-	4,157	-
1170	Accounts receivable, net	6(5)	5,813,268	16	6,685,770	17
1200	Other receivables		105,666	-	212,989	1
130X	Inventories, net	6(6)	11,520,153	32	8,667,008	22
1410	Prepayments		680,974	2	502,649	1
1470	Other current assets	6(7) and 8	171,356	1	539,805	2
11XX	**Total current assets**		28,959,419	81	33,623,284	87
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income–non-current	6(3)	1,714,344	5	-	-
1523	Available-for-sale financial asset-non-current	12(4)	-	-	352,667	1
1550	Investments accounted for using the equity method	6(8)	48,519	-	76,901	-
1600	Property, plant and equipment, net	6(9)	4,131,468	12	3,876,017	10
1760	Investment property, net	6(10)	57,315	-	182,992	-
1780	Intangible assets		51,998	-	33,056	-
1840	Deferred income tax assets	6(28)	522,362	1	325,459	1
1900	Other non-current assets	6(11) and 8	249,170	1	327,296	1
15XX	**Total non-current assets**		6,775,176	19	5,174,388	13
1XXX	**Total assets**		$ 35,734,595	100	$ 38,797,672	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 309,722	1	$ 329,689	1
2130	Contract liabilities-current	6(22) and 12(5)	335,964	1	-	-
2150	Notes payable		11,465	-	22,781	-
2170	Accounts payable		5,272,720	15	8,583,399	22
2200	Other payables	6(13)	3,834,550	10	3,712,477	10
2230	Current income tax liabilities		446,037	1	189,769	-
2250	Provisions for liabilities - current	6(14)	433,059	1	551,921	1
2300	Other current liabilities	6(15)(16) and 12(5)	312,121	1	593,102	2
21XX	**Total current liabilities**		10,955,638	30	13,983,138	36
	Non-current liabilities					
2540	Long-term borrowings	6(16)	10,833	-	3,834	-
2570	Deferred income tax liabilities	6(28)	77	-	7,646	-
2600	Other non-current liabilities	6(17)	599,381	2	570,730	2
25XX	**Total non-current liabilities**		610,291	2	582,210	2
2XXX	**Total liabilities**		11,565,929	32	14,565,348	38
	Equity					
	Equity attributable to owners of the parent					
	Capital stock	6(19)				
3110	Common stock		6,356,889	18	6,356,889	16
	Capital surplus	6(20)				
3200	Capital surplus		3,924,357	11	3,962,314	10
	Retained earnings	6(21)				
3310	Legal reserve		4,125,245	12	3,846,604	10
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings		8,865,838	25	9,567,977	25
	Other equity					
3400	Other equity		384,792	1	(70,237)	-
31XX	**Total equity attributable to owners of the parent**		24,083,475	68	24,089,901	62
36XX	**Non-controlling interest**		85,191	-	142,423	-
3XXX	**Total equity**		24,168,666	68	24,232,324	62
3X2X	**Total liabilities and equity**		$ 35,734,595	100	$ 38,797,672	100

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Itmes	Notes	2018 Amount	2018 %	2017 Amount	2017 %
4000	**Operating revenue**	6(22) and 12(5)	$ 60,923,590	100	$ 59,884,781	100
5000	**Operating costs**	6(6)(26)(27)	(50,800,376)	(83)	(49,685,924)	(83)
5900	**Gross profit**		10,123,214	17	10,198,857	17
	Operating expenses	6(26)(27)				
6100	Selling expenses		(4,339,520)	(7)	(4,535,079)	(8)
6200	General and administrative expenses		(1,649,904)	(3)	(1,493,427)	(2)
6300	Research and development expenses		(1,868,136)	(3)	(1,944,001)	(3)
6450	Expected credit gains	6(26) and 12(2)	9,934	-	-	-
6000	**Total operating expenses**		(7,847,626)	(13)	(7,972,507)	(13)
6900	**Operating profit**		2,275,588	4	2,226,350	4
	Non-operating revenue and expenses					
7010	Other income	6(10)(23)	825,045	1	584,476	1
7020	Other gains and losses	6(24)	(117,450)	-	390,413	1
7050	Finance costs	6(12)(25)	(4,229)	-	(3,905)	-
7060	Share of loss of associates and joint ventures accounted for under the equity method		(26,183)	-	(21,707)	-
7000	**Total non-operating revenue and expenses**		677,183	1	949,277	2
7900	**Profit before income tax**		2,952,771	5	3,175,627	6
7950	Income tax expense	6(28)	(456,646)	(1)	(462,121)	(1)
8200	**Profit for the year**		$ 2,496,125	4	$ 2,713,506	5

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	2018 Amount	2018 %	2017 Amount	2017 %
	Other comprehensive income-net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(17)	$ 17,336	-	($ 36,990)	-
8316	Unrealised gain on valuation of investment in equity instruments measured at fair value through other comprehensive income	6(3)	127,094	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	256	-	6,288	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		144,686	-	(30,702)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences arising from translation of foreign operations		(129,559)	-	(54,830)	-
8362	Unrealised loss on valuation of available-for-sale financial assets	12(4)	-	-	159,941	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(129,559)	-	105,111	-
8300	**Other comprehensive income, net**		$ 15,127	-	$ 74,409	-
8500	**Total comprehensive income for the year**		$ 2,511,252	4	$ 2,787,915	5
	Profit attributable to:					
8610	Owners of parent		$ 2,566,512	4	$ 2,786,411	5
8620	Non-controlling interest		(70,387)	-	(72,905)	-
	Total		$ 2,496,125	4	$ 2,713,506	5
	Comprehensive income attributable to:					
8710	Owners of parent		$ 2,581,642	4	$ 2,860,825	5
8720	Non-controlling interest		(70,390)	-	(72,910)	-
	Total		$ 2,511,252	4	$ 2,787,915	5
9750	**Basic earnings per share**	6(29)	$	4.04	$	4.41
9850	**Diluted earnings per share**		$	3.98	$	4.30

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to equity holders of the company										
				Retained earnings			Other equity interest					
	Notes	Capital stock-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	Non-controlling interest	Total equity
Year 2017												
Balance at January 1, 2017		$ 6,291,179	$ 4,602,046	$ 3,617,317	$ 426,354	$ 8,048,962	($ 212,540)	$ -	$ 37,187	$ 22,810,505	$ 158,438	$ 22,968,943
Profit (loss) for the year		-	-	-	-	2,786,411	-	-	-	2,786,411	(72,905)	2,713,506
Other comprehensive income (loss) for the year		-	-	-	-	(30,702)	(54,825)	-	159,941	74,414	(5)	74,409
Total comprehensive income (loss)		-	-	-	-	2,755,709	(54,825)	-	159,941	2,860,825	(72,910)	2,787,915
Appropriations of 2016 earnings:	6(21)											
Legal reserve		-	-	229,287	-	(229,287)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,007,407)	-	-	-	(1,007,407)	(3,161)	(1,010,568)
Cash dividends from capital surplus	6(20)	-	(629,630)	-	-	-	-	-	-	(629,630)	-	(629,630)
Share-based payment		65,710	(2,566)	-	-	-	-	-	-	63,144	-	63,144
Effects on capital reorganisation		-	1,852	-	-	-	-	-	-	1,852	-	1,852
Changes in equity of associates and subsidiaries accounted for using equity method		-	(1,966)	-	-	-	-	-	-	(1,966)	-	(1,966)
Disposal of investments accounted for using equity method		-	(7,422)	-	-	-	-	-	-	(7,422)	-	(7,422)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	60,056	60,056
Balance at December 31, 2017		$ 6,356,889	$ 3,962,314	$ 3,846,604	$ 426,354	$ 9,567,977	($ 267,365)	$ -	$ 197,128	$ 24,089,901	$ 142,423	$ 24,232,324
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	$ 142,423	$ 24,232,324
Adjustments under new standards	12(4)	-	-	-	-	(464,366)	-	654,619	(197,128)	(6,875)	(1,582)	(8,457)
Adjusted beginning balance		6,356,889	3,962,314	3,846,604	426,354	9,103,611	(267,365)	654,619	-	24,083,026	140,841	24,223,867
Profit (loss) for the year		-	-	-	-	2,566,512	-	-	-	2,566,512	(70,387)	2,496,125
Other comprehensive income (loss) for the year		-	-	-	-	17,592	(129,556)	127,094	-	15,130	(3)	15,127
Total comprehensive income (loss)		-	-	-	-	2,584,104	(129,556)	127,094	-	2,581,642	(70,390)	2,511,252
Appropriations of 2017 earnings:	6(21)											
Legal reserve		-	-	278,641	-	(278,641)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(2,542,756)	-	-	-	(2,542,756)	(3,329)	(2,546,085)
Recognition of share-based payments of subsidiaries	6(18)	-	1,196	-	-	-	-	-	-	1,196	397	1,593
Disposal of equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	(480)	-	-	-	(480)	-	(480)
Changes in equity of subsidiaries accounted for using equity method	6(30)	-	(39,153)	-	-	-	-	-	-	(39,153)	-	(39,153)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	17,672	17,672
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	$ 85,191	$ 24,168,666

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

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

	Notes	2018	2017
Cash flows from operating activities:			
Profit before income tax		$ 2,952,771	$ 3,175,627
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(9)(26)	438,400	399,685
Depreciation charge on investment property	6(10)	5,026	5,058
Amortisation	6(26)	158,118	180,847
Provision for doubtful accounts	6(26)	-	22,014
Expected credit gain	6(26) and 12(2)	(9,934)	-
Loss (Gain) on valuation of financial assets at fair value through profit or loss	6(2)(24) and 12(4)	36,277	(442,444)
Interest expense	6(25)	4,229	3,905
Interest income	6(23)	(107,387)	(104,238)
Dividends income	6(23)	(58,430)	(36,709)
Share of loss of associates and joint ventures accounted for using equity method	6(8)	26,183	21,707
Loss on disposal of property, plant and equipment	6(24)	12,103	23,372
Gain on disposal of available-for-sale financial assets	6(24) and 12(4)	-	(37,477)
(Gain) loss on disposal of investments accounted for using equity method	6(8)(24)	(707)	5,684
Impairment loss on financial assets	6(24)	-	741
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		(12,241)	195,498
Notes receivable		1,110	6,073
Accounts receivable		875,535	(1,310,795)
Other receivables		105,495	(3,326)
Inventories		(2,965,921)	882,870
Prepayments		(566,025)	-
Other current assets		249,727	112,282
Net changes in liabilities relating to operating activities			
Contract liabilities		9,010	-
Notes payable		(11,316)	(11,577)
Accounts payable		(3,310,679)	699,048
Other payables		107,452	736,972
Provisions for liabilities		(118,862)	(9,312)
Other current liabilities		39,973	(70,798)
Other non-current liabilities		46,547	(39,884)
Cash (used in) generated from operations		(2,093,546)	4,404,823
Interest received		109,144	104,698
Dividend received		58,430	36,709
Interest paid		(4,229)	(3,905)
Income tax paid		(404,216)	(638,714)
Net cash (used in) generated from operating activities, net		(2,334,417)	3,903,611

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

	Notes	2018	2017
Cash flows from investing activities:			
Acquisition of financial assets at amortised cost		($ 656,395)	$ -
Acquisition of available-for-sale financial assets		-	(307,310)
Proceeds from disposal of available-for-sale financial assets		-	373,207
Acquisition of investments accounted for using equity method		-	(45,225)
Proceeds from disposal of investments accounted for using equity method		-	11,608
Acquisition of property, plant and equipment	6(31)	(610,408)	(349,353)
Proceeds from disposal of property, plant and equipment		9,356	13,855
Acquisition of intangible assets		(80,421)	(45,843)
Increase in other financial assets		-	441,647
(Increase) decrease in refundable deposits		(3,065)	33,608
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6(3)	9,010	-
Acquisition of financial assets at fair value through other comprehensive income		(599,979)	-
Increase in other non-current assets		(15,448)	(127,400)
Net cash used in investing activities		(1,947,350)	(1,206)
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings	6(32)	(19,967)	188,569
Repayments of long-term debt	6(32)	(2,001)	(1,833)
Proceeds from long-term debt		15,000	-
Decrease in deposits received		(560)	(14,308)
Cash distribution from capital surplus	6(20)	-	(629,630)
Cash dividends	6(21)	(2,542,756)	(1,007,407)
Employee stock options exercised	6(18)	-	63,144
Cash dividends paid to non-controlling interest		(3,329)	(3,161)
Changes in non-controlling interest		38,737	60,056
Net cash used in financing activities		(2,514,876)	(1,344,570)
Effect of exchange rate changes on cash and cash equivalents		(44,048)	(30,937)
Net (decrease) increase in cash and cash equivalents		(6,840,691)	2,526,898
Cash and cash equivalents at beginning of year		15,451,598	12,924,700
Cash and cash equivalents at end of year		$ 8,610,907	$ 15,451,598

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Giga-Byte Technology Co., Ltd. (the "Company") was incorporated as 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 and its subsidiaries (collectively referred herein as the "Group") are 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 CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

A. IFRS 9, 'Financial instruments'

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

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

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

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

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

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

Step 1: Identify contracts with customer.
Step 2: Identify separate performance obligations in the contract(s).
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price.
Step 5: Recognise revenue when the performance obligation is satisfied.

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

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

   i. Presentation of assets and liabilities in relation to contracts with customers
   In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:
   Under IFRS 15, liabilities in relation to product contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to $326,954.

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

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

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 Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

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

The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the group does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use' asset and lease liability will be increased by $211,558 and $169,815, respectively, and other non-current assets will be decreased by $41,743.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1)Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2)Basis of preparation

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

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

(b)Financial assets at fair value through other comprehensive income / Available-for-sale financial assets measured at fair value.

(c)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 compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

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

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a)All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b)Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c)Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d)Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e)When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main activities	Ownership(%) December 31, 2018	Ownership(%) December 31, 2017	Description
The Company	Freedom International Group Ltd.	Holding company	100.00	100.00	
〃	G.B.T., Inc.	Sales of computer information products	48.63	48.63	
〃	G.B.T. Technology Trading GmbH	Promotion of computer information products	100.00	100.00	
〃	Nippon Giga-Byte Corp.	Promotion of computer information products	100.00	100.00	
〃	GBT Tech. Co., Ltd.	Promotion of computer information products	100.00	100.00	
〃	Giga-Byte Technology B.V.	Sales of computer information products	100.00	100.00	
〃	Gigabyte Technology Pty. Ltd.	Promotion of computer information products	100.00	100.00	
〃	Giga Investment Co.	Holding company	100.00	100.00	
〃	Gigabyte Technology (India) Private Limited	Promotion and repairing of computer information products	100.00	100.00	
〃	G-Style Co., Ltd.	Selling of notebooks	100.00	100.00	
〃	BYTE International Co., Ltd.	Repairing of computer information products	100.00	100.00	Note 1
〃	Giga-Byte Communications Inc.	Selling of communications	99.86	99.86	
〃	Gigabyte Technology ESPANA S.L.U.	Promotion of computer information products	100.00	100.00	
〃	Gigabyte Global Business Corporation	Selling of ODM products	100.00	100.00	
〃	Gigabyte Information Technology Commerce Limited Company	Promotion of computer information products	100.00	100.00	
〃	Gigabyte Technology LLC	Promotion of computer information products	100.00	100.00	
Freedom International Group Ltd.	Charleston Investments Limited	Holding company	100.00	100.00	
〃	Giga Future Limited	Holding company	100.00	100.00	
〃	G.B.T. LBN Inc.	Sales of computer information products	100.00	100.00	
〃	G.B.T. Inc.	Sales of computer information products	51.37	51.37	
〃	Gigabyte Trading Inc.	Selling of ODM products	100.00	100.00	
〃	Giga Advance (Labuan) Limited	Sales of computer information products	100.00	100.00	
〃	Aorus Pte. Ltd.	Promotion of computer information products	100.00	-	Note 2
Giga-Byte Technology B.V.	Gigabyte Technology France	Promotion of computer information products	-	100.00	Note 3

Investor	Subsidiary	Main activities	Ownership(%) December 31, 2018	2017	Description
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Promotion and repairing of computer information products	100.00	100.00	
Charleston Investments Limited	Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	100.00	100.00	
〃	Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	100.00	100.00	
〃	Ningbo Best Yield Technology Services Co., Ltd.	Repairing of computer information products	100.00	100.00	
Giga Future Limited	Ningbo Giga-Byte Technology Co., Ltd.	Manufacturing of computer information products	100.00	100.00	
Ningbo Giga-Byte International Trade Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	100.00	100.00	
Giga Investment Co.	Gigatrend Technology Co., Ltd.	Manufacturing and selling electronic components and parts	-	100.00	Note 4
〃	Gigatrend International Investment Group Ltd.	Holding company	100.00	100.00	
〃	Giga-Trend International Management Group Ltd.	Venture capital management and consulting business	60.00	60.00	
〃	Gigazone Holdings Limited	Holding company	100.00	100.00	
〃	Selita Precision Co., Ltd.	Manufacturing of bicycle and parts	100.00	100.00	
〃	Green Share Co., Ltd.	Wholesale of information system	51.00	51.00	
〃	Senyun Precise Optical Co., Ltd	Manufacturing and selling of mold and industrial plastic products	76.86	68.53	Note 5
〃	GIGAIPC CO., LTD.	Selling of computer information products	100.00	100.00	
Gigazone Holdings Limited	Gigazone International (Shenzhen)	Selling of PC peripherals	52.27	52.27	
Ningbo Zhongjia Technology Co., Ltd.	Gigazone International (Shenzhen)	Selling of PC peripherals	47.73	47.73	
Ningbo BestYield Tech. Services Co., Ltd.	Cloud Ride Limited	Selling of communication products	-	100.00	Note 6
〃	Shenzhen BestYield Tech. Services Co., Ltd.	Repairing of computer information products	100.00	100.00	
〃	OGS Europe B.V.	Selling of communication products	100.00	100.00	
G-Style Co., Ltd.	Aorus Pte. Ltd.	Promotion of computer information products	-	100.00	Note 2

Investor	Subsidiary	Main activities	Ownership(%) December 31, 2018	Ownership(%) December 31, 2017	Description
Senyun Precise Optical Co., Ltd	Dongguan Senyun Precise Optical Co., Ltd	Selling of mold and industrial plastic products	100.00	100.00	

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

Note 2: On January 16, 2018, Freedom International Group Ltd., as resolved by its Board of Directors, acquired 100% share interest of Aorus Pte. Ltd. from G-Style Co., Ltd. by cash in the amount of SGD 1,145 thousand.

Note 3: This company has completed the liquidation process on November 26, 2018.

Note 4 : This company has completed the liquidation process on February 14, 2018.

Note 5: On January 5, 2018 and December 25, 2018, Giga Investment Co. increased its capital investment in Senyun Precise Optical Co., Ltd. by cash in the amount of $248,091 and $102,275, respectively. After the acquisition, the total share interest ratio was 76.86%.

Note 6: This company has completed the liquidation process on July 1, 2018.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4)Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency and the Group's presentation 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 group entities and joint arrangements 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 joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign joint arrangements after losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c)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 Group still 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.

(5)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 pay off 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.

(6)Cash equivalents

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

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

Effective 2018

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

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

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

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

(8)Financial assets at fair value through other comprehensive income

Effective 2018

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

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

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

Effective 2018

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

(a) The objective of the Group'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 Group'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.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group 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.

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group 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 Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Operating leases (lessor)

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

(14) 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.

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' 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 Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Investment accounted for using equity method – joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(17) 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 Group 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 balance sheet date. 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	3～10 years
Research and development equipment	3～ 6 years
Office equipment	2～20 years
Other tangible operating assets	1～15 years

(18) Operating leases (lessee)

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

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(20) 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 10 years.

B. Trademarks

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.

(21) Impairment of non-financial assets

A. The Group 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.

(22) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(23) Notes and account 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.

(24) Derecognition of financial liabilities

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

(25) Provisions

Warranty provisions are recognised when the Group 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.

(26) 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 Group 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 are 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 Group'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 Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

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

(27) Employee share-based payment

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-market 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.

(28) Income tax

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 consolidated 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 Group 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.

(29) 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.

(30) Dividends

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

(31) Revenue recognition

Sales of goods

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

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

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

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

(32) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 Group'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 value are determined based on past experience on industry. Management's judgement on determining net realizable value involves material judgement.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and petty cash	$ 4,395	$ 3,956
Checking accounts and demand deposits	6,638,664	7,215,274
Time deposits	1,967,848	8,232,368
	$ 8,610,907	$ 15,451,598

A. The Group 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 Group has no cash and cash equivalent pledged to others.

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

Effective 2018

Financial assets mandatorily measured at fair value through profit or loss	December 31, 2018
Listed stocks	$ 165,138
Emerging stocks	53,478
Unlisted stocks	154,273
Beneficiary certificates	343,447
Government bonds	125,586
Corporate bond	104,373
	946,295
Valuation adjustment (including allowance for uncollectible accounts)	(55,064)
	$ 891,231

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

	Year ended December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss	
Equity instruments	($ 34,281)
Debt instrument	(2,353)
Beneficiary certificates	357
	($ 36,277)

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

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

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

(3) Financial assets at fair value through other comprehensive income - non-current

Effective 2018

	December 31, 2018
Equity instruments	
Listed stocks	$ 888,387
Unlisted stocks	44,364
	932,751
Valuation adjustment (including allowance for uncollectible accounts)	781,593
	$ 1,714,344

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,714,344 as at December 31, 2018.

B. In June 2018, the Group sold the investments on Ningbo Minth Automotive Electronic Technology Co., Ltd., whose fair value was $9,010 to adjust the stock position, resulting in an accumulated loss on disposal of $480.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	$ 127,094
Cumulative losses reclassified to retained earnings due to derecognition	($ 480)
Dividend income recognised in profit or loss held at end of year	$ 49,888

D. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $1,714,344.

E. The Group has no financial assets at fair value through other comprehensive income pledged to others.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

G. Information on available-for-sale financial assets as of December 31, 2017 is provided in Note 12(4).

(4) Financial assets at amortised cost - current

Effective 2018

Current items	December 31, 2018
Time deposits	$ 1,162,817

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

	Year ended December 31, 2018
Interest income	$ 13,868

B. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $1,162,817.

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

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

(5) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 3,047	$ 4,157
Accounts receivable	$ 5,971,900	$ 6,854,633
Less: Allowance for uncollectible accounts	(158,632)	(168,863)
	$ 5,813,268	$ 6,685,770

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

	December 31, 2018		December 31, 2017	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 4,598,495	$ 3,047	$ 5,566,779	$ 4,157
Up to 30 days	1,126,406	-	1,017,458	-
31 to 60 days	45,366	-	128,735	-
61 to 90 days	72,032	-	8,603	-
Over 90 days	129,601	-	133,058	-
	$ 5,971,900	$ 3,047	$ 6,854,633	$ 4,157

The above ageing analysis was based on past due date.

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

C. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were $3,047 and $4,157, $5,813,268 and $6,685,770, respectively.

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

(6) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 3,921,139	($ 115,790)	$ 3,805,349
Work in progress	1,068,007	(28,751)	1,039,256
Finished goods and merchandise inventories	7,504,775	(829,227)	6,675,548
	$ 12,493,921	($ 973,768)	$ 11,520,153

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 3,205,035	($ 92,208)	$ 3,112,827
Work in progress	1,060,807	(57,125)	1,003,682
Finished goods and merchandise inventories	4,757,032	(206,533)	4,550,499
	$ 9,022,874	($ 355,866)	$ 8,667,008

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2018	2017
Cost of inventories sold	$ 49,972,847	$ 49,463,648
Cost of warranty	155,638	221,560
Loss on valuation	664,529	620
Others	7,362	96
	$ 50,800,376	$ 49,685,924

(7) Other current assets

	December 31, 2018	December 31, 2017
Other financial assets - time deposits	$ -	$ 506,422
Pledged assets	106,022	4,748
Others	65,334	28,635
	$ 171,356	$ 539,805

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

(8) Investments accounted for using the equity method

	December 31, 2018	December 31, 2017
Joint ventures		
LCKT Yuan Chang Technology Co., Ltd. (Cayman)	$ 48,519	$ 76,901

A. Abovementioned investments accounted for using equity method are based on investee companies' financial statements audited by other independent accountants.

B. The Group has no material associate or joint venture investment. The Group's share of the operating results of the aforementioned investments are summarized below:

(a) The Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	Years ended December 31,	
	2018	2017
Comprehensive loss	$ -	($ 7,518)

(b) The Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarized below:

	Years ended December 31,	
	2018	2017
Comprehensive loss	($ 30,027)	($ 8,946)

C. On May 9, 2017, the Group sold 3.54% equity shares of Qsan Technology, Inc. (formerly held 19.79% equity shares) in the amount of $11,284 where the Group lost its significant influence over Qsan Technology, Inc.. Under this transaction, the Group recognised loss amounting to $5,684 (shown as 'loss on disposal of investment'), and held remaining 16.25% equity shares of Qsan Technology, Inc..

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery	Others	Total
At January 1, 2018					
Cost	$ 1,005,191	$ 3,122,477	$ 3,076,783	$ 1,250,780	$ 8,455,231
Accumulated depreciation	-	(1,485,579)	(2,110,995)	(982,640)	(4,579,214)
	$ 1,005,191	$ 1,636,898	$ 965,788	$ 268,140	$ 3,876,017
2018					
Opening net book amount	$ 1,005,191	$ 1,636,898	$ 965,788	$ 268,140	$ 3,876,017
Additions	55,641	30,917	101,207	437,264	625,029
Disposals	-	(3,646)	(15,643)	(2,170)	(21,459)
Reclassifications	82,275	41,675	116,356	(120,907)	119,399
Depreciation charge	-	(105,841)	(198,260)	(134,299)	(438,400)
Net exchange differences	878	(12,969)	(11,604)	(5,423)	(29,118)
Closing net book amount	$ 1,143,985	$ 1,587,034	$ 957,844	$ 442,605	$ 4,131,468
At December 31, 2018					
Cost	$ 1,143,985	$ 3,126,304	$ 2,992,888	$ 1,495,421	$ 8,758,598
Accumulated depreciation	-	(1,539,270))	(2,035,044)	(1,052,816)	(4,627,130)
	$ 1,143,985	$ 1,587,034	$ 957,844	$ 442,605	$ 4,131,468

	Land	Buildings and structures	Machinery	Others	Total
At January 1, 2017					
Cost	$ 953,930	$ 3,083,983	$ 3,025,651	$ 1,300,235	$ 8,363,799
Accumulated depreciation	-	(1,402,943)	(2,058,266)	(997,547)	(4,458,756)
	$ 953,930	$ 1,681,040	$ 967,385	$ 302,688	$ 3,905,043
2017					
Opening net book amount	$ 953,930	$ 1,681,040	$ 967,385	$ 302,688	$ 3,905,043
Additions	-	52,884	67,803	228,666	349,353
Disposals	-	(13,256)	(13,288)	(10,683)	(37,227)
Reclassifications	55,533	26,288	141,197	(141,588)	81,430
Depreciation charge	-	(99,265)	(192,329)	(108,091)	(399,685)
Net exchange differences	(4,272)	(10,793)	(4,980)	(2,852)	(22,897)
Closing net book amount	$ 1,005,191	$ 1,636,898	$ 965,788	$ 268,140	$ 3,876,017
At December 31, 2017					
Cost	$ 1,005,191	$ 3,122,477	$ 3,076,783	$ 1,250,780	$ 8,455,231
Accumulated depreciation	-	(1,485,579)	(2,110,995)	(982,640)	(4,579,214)
	$ 1,005,191	$ 1,636,898	$ 965,788	$ 268,140	$ 3,876,017

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

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

(10) Investment property

	Land	Buildings	Total
At January 1, 2018			
Cost	$ 82,275	$ 150,144	$ 232,419
Accumulated depreciation	-	(49,427)	(49,427)
	$ 82,275	$ 100,717	$ 182,992
2018			
Opening net book amount	$ 82,275	$ 100,717	$ 182,992
Reclassifications	(82,275)	(32,124)	(119,399)
Depreciation charge	-	(5,026)	(5,026)
Net exchange differences	-	(1,252)	(1,252)
Closing net book amount	$ -	$ 57,315	$ 57,315
At December 31, 2018			
Cost	$ -	$ 109,285	$ 109,285
Accumulated depreciation	-	(51,970)	(51,970)
	$ -	$ 57,315	$ 57,315

	Land	Buildings	Total
At January 1, 2017			
Cost	$ 137,808	$ 186,577	$ 324,385
Accumulated depreciation	-	(54,278)	(54,278)
	$ 137,808	$ 132,299	$ 270,107
2017			
Opening net book amount	$ 137,808	$ 132,299	$ 270,107
Reclassifications	(55,533)	(25,897)	(81,430)
Depreciation charge	-	(5,058)	(5,058)
Net exchange differences	-	(627)	(627)
Closing net book amount	$ 82,275	$ 100,717	$ 182,992
At December 31, 2017			
Cost	$ 82,275	$ 150,144	$ 232,419
Accumulated depreciation	-	(49,427)	(49,427)
	$ 82,275	$ 100,717	$ 182,992

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

	Years ended December 31,	
	2018	2017
Rental income from investment property	$ 7,859	$ 12,545
Direct operating expenses arising from the investment property that generated rental income in the year	$ 5,026	$ 5,058

B. The fair value of the investment property held by the Group as at December 31, 2018 and 2017 was $85,295 and $230,826, respectively, which was valuated with reference to the future rental income and the related discounted cash flows, which was categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2018	December 31, 2017
Discount rate	3.25%	1.845%~3.820%

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

(11) Other non-current assets

	December 31, 2018	December 31, 2017
Guarantee deposits paid	$ 65,703	$ 62,638
Pledged assets	66,196	44,755
Land-use right	41,743	44,215
Other	75,528	175,688
	$ 249,170	$ 327,296

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

(12) Short-term borrowings

	December 31, 2018		Interest rate range	Collateral
Unsecured borrowings	$	285,000	1.55%~2.04%	None
Loan for purchase of raw material		24,722	1.59%	None
	$	309,722		

	December 31, 2017		Interest rate range	Collateral
Unsecured borrowings	$	305,000	1.55%~2.00%	None
Loan for purchase of raw material		24,689	1.37%~1.59%	None
	$	329,689		

For the years ended December 31, 2018 and 2017, the Group's interest expense from short-term and long-term borrowings recognised in profit or loss were $3,835 and $3,284, respectively.

(13) Other payables

	December 31, 2018		December 31, 2017	
Salary and bonus payable	$	2,668,600	$	2,556,584
Employees' compensation and directors' and supervisors' remuneration payable		376,051		391,477
Marketing fee payable		205,817		182,703
Shipping and freight-in payable		129,375		128,687
Royalties payable		66,776		64,992
Others		387,931		388,034
	$	3,834,550	$	3,712,477

(14) Provisions

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

	2018		2017	
At January 1	$	551,921	$	561,233
Additional provisions		155,638		221,560
Used during the period	(	274,500)	(	230,872)
At December 31	$	433,059	$	551,921

B. The Group 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.

(15) Other current liabilities

	December 31, 2018	December 31, 2017
Advance sales receipts	$ -	$ 326,954
Long-term borrowings, current portion	8,000	2,000
Other	304,121	264,148
	$ 312,121	$ 593,102

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2018
Unsecured borrowings	Borrowing period is from October 30, 2015 to October 30, 2020; interest is repayable	1.92%	None	$ 3,833
Secured borrowings	Borrowing period is from December 3, 2018 to May 15, 2021; principal is repayable in installments by 3 months from February 15, 2020.	2.00%	None	15,000
Less: Current portion				(8,000)
				$ 10,833

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2017
Unsecured borrowings	Borrowing period is from October 30, 2015 to October 30, 2020; interest is repayable	1.92%	None	$ 5,834
Less: Current portion				(2,000)
				$ 3,834

(17) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, 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 Law. 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by 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 qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

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

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

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

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

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

(c)The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

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

	Years ended December 31,	
	2018	2017
Discount rate	1.00%	1.25%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with 2012 Taiwan Standard Ordinary Experience Mortality Table.

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

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

The sensitivity analysis above is based on one assumption is 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 Group for the year ending December 31, 2019 amounts to $13,654.

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

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

B. Effective July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 Group for the years ended December 31, 2018 and 2017 were $92,133 and $91,825, respectively.

The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2018 and 2017 was both 12%~20%. Other than the monthly contributions, the Group has no further obligations. For the years ended December 31, 2018 and 2017, the Company's mainland China subsidiaries have recognised pension cost of $85,964 and $87,183, respectively.

(18) Share-based payment

A. For the years ended December 31, 2018 and 2017, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options- Giga-Byte Technology Co., Ltd.	2007.12.19	40,000,000 shares	10 years	2~4 years' service vested immediately
Employee stock options- Senyun Precise Optical Co., Ltd.	2018.1.10	1,670,000 shares	5 years	0~1 years' service vested immediately

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

Employee stock options – Giga-Byte Technology Co., Ltd.

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

Employee stock options — Senyun Precise Optical Co., Ltd

	2018	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	1,670)	10.00
Options forfeited	(155)	10.00
Options outstanding at December 31	1,515	10.00
Options exercisable at December 31	1,515	

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

D. As of December 31, 2018, the range of exercise price of stock options outstanding of Senyun Precise Optical Co., Ltd was $10.00, and the weighted-average remaining vesting period was 4.03 years.

E. Expenses incurred to share-based payment transactions are shown below:

	Years ended December 31,	
	2018	2017
Equity-settled	$ 1,196	$ -

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

Type of arrangement	Grant date	Stock price	Exercise price	Price volatility	Option life	Dividends	Interest rate	Fair value per unit
Employee stock options	2007.12.19	$ 19	$ 19	39.16%	6.35 years	-	2.58%	$ 8.1648
Employee stock options	2018.1.10	5.2	10	55.00%	3 years	-	0.50%	1

(19) Share capital

As of December 31, 2018, the Company's authorized capital was $9,500,000, consisting of 950,000 thousand shares of ordinary stocks (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:

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

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

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

(20) Capital surplus

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

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

(21) Retained earnings

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

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

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
The amounts previously set aside by the Company as special reserve of $426,354 on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

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

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

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

System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(27).

(22) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	$ 60,923,590

A. Disaggregation of revenue from contracts with customers

The Group derives revenue at a point in time in the following major product lines and segment information:

Year ended December 31, 2018:

	Global brand business group	Other business group	Total
Product type			
Peripheral cards	$ 27,734,281	$ 505,098	$ 28,239,379
Main boards	20,640,144	1,070,996	21,711,140
Computer servers	-	7,255,517	7,255,517
Others	2,066,131	1,651,423	3,717,554
	$ 50,440,556	$ 10,483,034	$ 60,923,590
Timing of revenue			
At a point in time	$ 50,440,556	$ 10,483,034	$ 60,923,590

B. Contract assets and liabilities

The Group has recognised advance sales receipts as revenue-related contract liabilities amounting to $335,964.

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

	Year ended December 31, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	
Advance sales receipts	$ 326,954

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

(23) Other income

	Years ended December 31, 2018	Years ended December 31, 2017
Interest income:		
Interest income from bank deposits	$ 85,081	$ 95,088
Interest income from financial assets measured at fair value through profit or loss	4,358	6,846
Interest income from financial assets measured at amortised cost	13,868	-
Other interest income	4,080	2,304
Total interest income	107,387	104,238
Rental revenue	20,861	14,769
Dividend income	58,430	36,709
Other income - others	638,367	428,760
	$ 825,045	$ 584,476

(24) Other gains and losses

	Years ended December 31, 2018	Years ended December 31, 2017
Losses on disposal of property, plant and equipment	($ 12,103)	($ 23,372)
Gains on disposal of investments	707	31,793
Foreign exchange losses	(62,401)	(56,409)
(Losses) gains on financial assets at fair value through profit or loss	(36,277)	442,444
Impairment loss on financial assets	-	(741)
Others	(7,376)	(3,302)
	($ 117,450)	$ 390,413

(25) Finance costs

	Years ended December 31, 2018	Years ended December 31, 2017
Interest expense:		
Interest expense from bank loans	$ 3,835	$ 3,284
Other interest expense	394	621
	$ 4,229	$ 3,905

(26) Expenses by nature

	Years ended December 31,	
	2018	2017
Cost of goods sold	$ 49,653,425	$ 49,176,925
Employee benefit expense	5,598,803	5,705,914
Depreciation and amortisation	596,518	580,532
Warranty cost of after-sale service	155,638	221,560
Transportation expenses	389,991	334,994
Losses on doubtful debts	-	22,014
Expected credit gains	(9,934)	-
Other costs and expenses	2,263,561	1,616,492
	$ 58,648,022	$ 57,658,431

(27) Employee benefit expense

	Years ended December 31,	
	2018	2017
Wages and salaries	$ 4,915,001	$ 5,037,913
Labor and health insurance fees	292,353	282,000
Pension costs	185,223	190,622
Other personnel expenses	206,226	195,379
	$ 5,598,803	$ 5,705,914

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

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

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

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

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Current tax on profits for the year	$ 677,062	$ 420,560
Tax on undistributed surplus earnings	-	102,899
Prior year income tax overestimation	(21,935)	(81,202)
	655,127	442,257
Deferred tax:		
Origination and reversal of temporary differences	(160,631)	24,195
Impact of change in tax rate	(43,207)	-
Effect of the exchange rate	5,357	(4,431)
	(198,481)	19,864
Income tax expense	$ 456,646	$ 462,121

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

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

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2018	Years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 590,554	$ 539,857
Expenses disallowed by tax regulation	74,633	(112,379)
Tax exempt income by tax regulation	(13,483)	(9,100)
Effect from investment tax credit	(71,184)	(66,027)
Tax on undistributed surplus earnings	-	102,899
Prior year income tax overestimation	(21,935)	(81,202)
Changes in assessment of realization of deferred tax assets	(73,493)	661
Impact of change in tax rate	(43,207)	-
Effect of tax from different applicable taxes within the Group	14,761	87,412
Income tax expense	$ 456,646	$ 462,121

Note: The basis for computing the applicable tax rate is the rate applicable in the parent company's country.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences,tax losses and investment tax credits are as follows:

	Year ended December 31, 2018				
	January 1	Adjustments under new standards	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets					
Provision for warranty expense	$ 75,601	$ -	$ 11,011	$ -	$ 86,612
Loss on inventory	25,963	-	169,714	-	195,677
Amount of allowance for bad debts that exceed the limit for tax purpose	14,092	378	14,245	-	28,715
Pension expense	39,327	-	7,383	-	46,710
Unrealised profit on intercompany sales	17,715	-	42,140	-	59,855
Unrealised exchange loss	3,043	-	(1,586)	-	1,457
Remeasurement of defined benefit obligations	21,104	-	-	256	21,360
Others	128,614	-	(46,638)	-	81,976
	325,459	378	196,269	256	522,362
Deferred tax liabilities					
Others	(7,646)	-	7,569	-	(77)
	(7,646)	-	7,569	-	(77)
	$ 317,813	$ 378	$ 203,838	$ 256	$ 522,285

	Year ended December 31, 2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Provision for warranty expense	$ 75,452	$ 149	$ -	$ 75,601
Loss on inventory	32,206	(6,243)	-	25,963
Amount of allowance for bad debts that exceed the limit for tax purpose	14,865	(773)	-	14,092
Pension expense	37,426	1,901	-	39,327
Unrealized profit on intercompany sales	39,449	(21,734)	-	17,715
Unrealized exchange loss	651	2,392	-	3,043
Impairment loss on non-financial assets	4,563	(4,563)	-	-
Gains on remeasurement of defined benefit obligations	14,816	-	6,288	21,104
Others	126,776	1,838	-	128,614
	346,204	(27,033)	6,288	325,459
Deferred tax liabilities				
Unrealized exchange gain	(10,328)	10,328	-	-
Others	(156)	(7,490)	-	(7,646)
	(10,484)	2,838	-	(7,646)
	$ 335,720	($ 24,195)	$ 6,288	$ 317,813

D. Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2018			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2009	$ 423,520	$ 415,024	$ 415,024	2019
2010	334,750	316,850	316,850	2020
2011	116,913	116,913	116,913	2021
2012	164,468	157,530	157,530	2022
2013	120,379	120,379	120,379	2023
2014	164,552	164,552	164,552	2024
2015	298,581	298,581	298,581	2025
2016	384,201	344,635	344,635	2026
2017	335,949	335,949	335,949	2027
2018 (Note)	310,567	310,567	310,567	2028
	$ 2,653,880	$ 2,580,980	$ 2,580,980	

	December 31, 2017			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2008	$ 343,356	$ 343,356	$ 343,356	2018
2009	423,520	423,520	423,520	2019
2010	334,750	322,083	322,083	2020
2011	116,913	116,913	116,913	2021
2012	164,468	164,468	164,468	2022
2013	120,379	120,379	120,379	2023
2014	164,552	164,552	164,552	2024
2015	298,581	298,581	298,581	2025
2016	386,705	386,705	386,705	2026
2017 (Note)	325,830	325,830	325,830	2027
	$ 2,679,054	$ 2,666,387	$ 2,666,837	

Note: These amounts were based on estimates.

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

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

G. 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 Group has assessed the impact of the change in income tax rate.

(29) Earnings per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 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 of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,566,512	644,891	$ 3.98

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

(30) Transactions with non-controlling interest

A. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

On December 25, 2018, the Group disposed of 0.43% of shares of its subsidiary-Senyun Precise Optical Co., Ltd, for a total cash consideration of $1,184. The carrying amount of non-controlling interest in Senyun Precise Optical Co., Ltd was $26,395 at the disposal date. This transaction resulted in a decrease in the non-controlling interest by $307 and an increase in the equity attributable to owners of the parent by $307. The effect of changes in interests in Senyun Precise Optical Co., Ltd on the equity attributable to owners of the parent for the year ended December 31, 2018 is shown below:

	Year ended December 31, 2018
Carrying amount of non-controlling interest disposed	$ 877
Consideration received from non-controlling interest	1,184
Capital surplus - difference between proceeds on disposal of equity interest in a subsidiary and its carrying amount	$ 307

B. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary.

On January 5, 2018, and December 25, 2018, the Group's subsidiary, Senyun Precise Optical Co., Ltd has increased its capital by issuing new shares. As the Group did not acquire shares proportionately, the shareholding ratio was increased by 6.52% and 2.24%, respectively. This transaction resulted in an increase in the non-controlling interest by $24,561 and $14,745 and an decrease in the equity attributable to owners of the parent by $24,561 and $14,744, respectively. The effects on equity attributable to owners of the parent of aforementioned capital increase are shown as follows:

	Year ended December 31, 2018
Cash amount for acquiring 8.76% share interest	$ 77,938
Carrying amount of non-controlling interest	38,633
Capital surplus - recognition of changes in ownership interest in subsidiaries	($ 39,305)

C. The Group did not conduct any transaction with non-controlling interest in 2017.

(31) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31, 2018	Years ended December 31, 2017
Purchase of property, plant and equipment	$ 625,029	$ 349,353
Less: Ending balance of payable on equipment	(14,621)	-
Cash paid during the year	$ 610,408	$ 349,353

(32) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Total liabilities from financing activities
January 1, 2018	$ 329,689	$ 5,834	$ 335,523
Changes in cash flow from financing activities	(19,967)	12,999	(6,968)
December 31, 2018	$ 309,722	$ 18,833	$ 328,555

	Short-term borrowings	Long-term borrowings	Total liabilities from financing activities
January 1, 2017	$ 141,120	$ 7,667	$ 148,787
Changes in cash flow from financing activities	188,569	(1,833)	186,736
December 31, 2017	$ 329,689	$ 5,834	$ 335,523

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

The related parties are included in the consolidated financial statements, and the related transactions are all eliminated.

(2) Key management compensation

	Years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 448,488	$ 383,907

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2018	December 31, 2017	Purpose
Pledged asset -current (accounted for as "Other current assets")			
-Demand deposits	$ 49,798	$ -	Project grants and collateral loan
-Time deposits	56,224	4,748	Guarantee for the customs duties
	$ 106,022	$ 4,748	
Pledged asset-non-current (account for as "Other non-current assets")			
-Demand deposits	$ 4,218	$ 3,400	Guarantee for the customs duties and security deposit for office leasing
-Time deposits	61,978	41,355	Guarantee for the customs duties
	$ 66,196	$ 44,755	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, issue employee stock option or buyback and retire treasury stock.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 891,231	$ -
Financial assets at fair value through profit or loss	-	1,235,415
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	1,714,344	-
Available-for-sale financial assets	-	676,560
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	8,610,907	15,451,598
Time deposits	1,162,817	-
Notes receivable	3,047	4,157
Accounts receivable	5,813,268	6,685,770
Other receivables	105,666	212,989
Guarantee deposits paid	65,703	62,638
Other financial assets	-	506,422
	$ 18,366,983	$ 24,835,549
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 309,722	$ 329,689
Notes payable	11,465	22,781
Accounts payable	5,272,720	8,583,399
Other payables	3,834,550	3,712,477
Long-term borrowings (including current portion)	18,833	5,834
Guarantee deposits received	8,567	9,127
	$ 9,455,857	$ 12,663,307

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

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

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

	December 31, 2018		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 333,542	30.733	$ 10,250,746
RMB:NTD	105,479	4.476	472,124
Non-monetary items			
USD:NTD	$ 837	30.733	$ 25,724
Financial liabilities			
Monetary items			
USD:NTD	$ 228,787	30.733	$ 7,031,311
RMB:NTD	492,495	4.476	2,204,408

	December 31, 2017		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 341,101	29.848	$ 10,181,183
RMB:NTD	115,290	4.578	527,798
Non-monetary items			
USD:NTD	$ 3,519	29.848	$ 105,035
Financial liabilities			
Monetary items			
USD:NTD	$ 287,292	29.848	$ 8,575,092
RMB:NTD	348,252	4.578	1,594,298

iv. The total exchange gain (loss), including realised and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017, amounted to loss of $62,401 and $56,409, respectively.

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

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 102,507	$ -
RMB:NTD	1%	4,721	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 70,313	$ -
RMB:NTD	1%	22,044	-

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 101,812	$ -
RMB:NTD	1%	5,278	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 85,751	$ -
RMB:NTD	1%	15,943	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and beneficiary certificates issued by the domestic and foreign companies. 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, net profit for the years ended December 31, 2108 and 2017 would have increased/decreased by $6,751 and $10,207, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss and beneficiary certificates. Other components of equity would have increased/decreased by $17,143 and $6,766 respectively, as a result of gains/losses on equity investment at fair value through other comprehensive income and other comprehensive income classified as available-for-sale equity investment.

Cash flow and fair value interest rate risk

i. The domestic/overseas bond funds investment and bond products with fixed interest rate by the Group was held mainly for trading purposes, the effective interest rate of this fund is affected by the market interest rate.

ii. For fixed interest rate bond investments held by the Group classified as financial assets at fair value through profit or loss, changes in market interest rates would affect their fair values. At December 31, 2018 and 2017, if market interest rates had been 1% higher/lower with all other variables held constant, other comprehensive income for the years ended December 31, 2018 and 2017 would have been $2,161 and $2,147 lower/higher, respectively.

iii. At December 31, 2018 and 2017, if interest rates on borrowings had been 0.1% higher/lower with all other variables held constant, profit for the years ended December 31, 2018 and 2017 would have been $0 and $305 higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

(b) Credit risk

Effective 2018

i. Credit risk refers to the risk of financial loss to the Group 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 stated at fair value through profit or loss.

ii. The bond fund held by the Group 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 Group trades with several securities investment trust companies, credit risk is low.

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

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

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

vi. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial 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 Group classifies customers' accounts receivable in accordance with credit rating of customer, insurance coverage and characteristics of collateral. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.

viii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

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

(iii) Default or delinquency in interest or principal repayments;

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

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

	Not past due	Up to 30 past due	31 to 60 days past due
December 31, 2018			
Expected loss rate	0.11%~6.18%	0.11%~64.37%	0.11%~73.51%
Total book value	$ 4,598,495	$ 1,126,406	$ 45,366
Loss allowance	$ 21,936	$ 12,428	$ 5,084

	61 to 90 days past due	Over 90 days	Total
Expected loss rate	0.11%~80.23%	10%~100%	
Total book value	$ 72,032	$ 129,601	$ 5,971,900
Loss allowance	$ 11,276	$ 107,908	$ 158,632

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

	2018		
	Notes receivable	Accounts receivable	Total
At January 1_IAS 39	$ -	$ 168,863	$ 168,863
Adjustments under new standards	-	8,835	8,835
At January 1_IFRS 9	-	177,698	177,698
Reversal of impairment loss	-	(9,934)	(9,934)
Write-offs	-	(7,198)	(7,198)
Effect of exchange rate changes	-	(1,934)	(1,934)
	$ -	$ 158,632	$ 158,632

For provisioned loss in 2018, the reversal of impairment losses arising from customers' contracts amounted to $9,934.

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

	December 31, 2018			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	$ 1,162,817	$ -	$ -	$ 1,162,817

Group 1: Refers to the time deposits maturing in excess of three months.

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

(c) Liquidity risk

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

ii. The Group does not have any undrawn amount of long-term borrowing facilities at fixed interest rate.

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

Non-derivative financial liabilities:

December 31, 2018	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 309,722	$ -	$ -	$ 309,722
Notes payable	11,465	-	-	11,465
Accounts payable	5,272,720	-	-	5,272,720
Other payables	3,834,550	-	-	3,834,550
Long-term borrowings (including current portion)	8,292	7,801	3,015	19,108

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 329,689	$ -	$ -	$ 329,689
Notes payable	22,781	-	-	22,781
Accounts payable	8,583,399	-	-	8,583,399
Other payables	3,712,477	-	-	3,712,477
Long-term borrowings (including current portion)	2,112	2,074	1,696	5,882

iv. The Group 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 Group's investment in listed and emerging stocks, beneficiary certificates, corporate bonds and government bonds is included in Level 1.

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

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

B. Fair value information of investment property at cost is provided in Note 6(10).

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

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

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

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 250,098	$ -	$ 81,086	$ 331,184
Debt securities	216,127	-	-	216,127
Beneficiary certificates	343,920	-	-	343,920
Financial assets at fair value through other comprehensive income				
Equity securities	1,684,761	-	29,583	1,714,344
Total	$ 2,494,906	$ -	$ 110,669	$ 2,605,575

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 732,192	$ -	$ -	$ 732,192
Debt securities	214,684	-	-	214,684
Beneficiary certificates	288,539	-	-	288,539
Available-for-sale financial assets				
Equity securities	323,893	-	352,667	676,560
Total	$ 1,559,308	$ -	$ 352,667	$ 1,911,975

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

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

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

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

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group 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 Group 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 Group'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 Group'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 Group 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 Group's credit quality.

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

F. The following chart is the movement of Level 3 for the years ended December 31, 2018 and 2017:

	Years ended December 31,	
	2018	2017
At January 1,	$ 352,667	$ 266,309
Losses and gains recognised in other comprehensive income	(77,988)	51,110
Acquired in the period	35,402	158,691
Sold in the period	(21,010)	(83,128)
Provision for impairment	-	(741)
Transfers into level 3	-	1,331
Transfers out from level 3	(178,455)	(40,850)
Effects of changes exchange rate	53	(55)
At December 31,	$ 110,669	$ 352,667

G. Emerging stocks held by the Group have quoted market prices and sufficient liquidity. Therefore, for the year ended December 31, 2018, the Group transferred emerging stocks measured at fair value from Level 3 into Level 1.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Unlisted shares	$ 81,086	Market comparable companies	Price-to-book ratio, enterprise value to operating income ratio multiple, discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares Private equity fund investment	$ 29,583	Net asset value	Not applicable	Not applicable

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Unlisted shares	$ 290,937	Market comparable companies	Price-to-book ratio, enterprise value to operating income ratio multiple, discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares Private equity fund investment	$ 61,730	Net asset value	Not applicable	Not applicable

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Market comparable companies	±1%	$ 811	($ 811)	$ -	$ -
Equity instruments	Net asset value	±1%	-	-	296	(296)
			$ 811	($ 811)	$ 296	($ 296)

	Input	Change	December 31, 2017 Recognised in profit or loss Favourable change	Unfavourable change	Recognised in other comprehensive income Favourable change	Unfavourable change
Financial assets						
Equity instruments	Market comparable companies	±1%	$ -	$ -	$ 2,909	($ 2,909)
Equity instruments	Net asset value	±1%	-	-	617	(617)
			$ -	$ -	$ 3,526	($ 3,526)

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

A. Summary of significant accounting policies adopted in 2017:

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

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

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

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

(b) Available-for-sale financial assets

i. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

ii. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(c) Loans and receivables

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

(d) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

(i) Financial assets at amortised cost

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

(ii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

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

		Available-for-sale – equity		Other financial assets – time deposit				Effects		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income - equity	Other financial assets – time deposit	Measured at amortised cost	Accounts receivable - net	Deferred tax assets	Total	Retained earnings	Other equity	Non-controlling interest
IAS 39	$ 1,235,415	$ 676,560	$ 506,422	$ -	$ 6,685,770	$ -	$9,104,167	$ -	$ -	$ -
Transferred at fair value through profit or loss	381,051	(381,051)	-	-		-	-	-	-	-
Transferred into and measured at fair value through other comprehensive income-equity	(701,199)	701,199	-	-		-	-	-	-	-
Transferred into and measured at amortised cost	-	-	(506,422)	506,422		-	-	-	-	-
Fair value adjustment	-	-	-	-		-	-	(528,204)	528,204	-
Impairment loss adjustment	-	-	-	-	(8,835)	378	(8,457)	63,838	(70,713)	(1,582)
IFRS 9	$ 915,267	$ 996,708	$ -	$ 506,422	$ 6,676,935	$ 378	$9,095,710	($ 464,366)	$ 457,491	($ 1,582)

(a) Under IAS 39, because the cash flows of time deposits, which were classified as other financial assets, amounting to $506,422, met the condition that it is intended to settle the principal and interest on the outstanding principal balance, they were reclassified as "financial assets at amortised cost" amounting to $506,422 and had no effect on retained earnings and other equity on initial application of IFRS 9.

(b) Under IAS 39, because the equity instruments, which were classified as: financial assets at fair value through profit or loss, available-for-sale financial assets, amounting to $701,199 and $295,509, respectively, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" amounting to $996,708, decreased retained earnings and increased other equity interest both in the amount of $458,958 on initial application of IFRS 9.

(c) Under IAS 39, the equity instruments, which were classified as: available-for-sale financial assets, amounting to $381,051, were reclassified as "financial assets at fair value through profit or loss (equity instruments)" amounting to $381,051, decreased other equity interest and increased retained earnings both in the amount of $1,467 under IFRS 9.

(d) The allowance for impairment of accounts receivable transferred from impaired under IAS 39 to expected to be impaired under IFRS 9, the Group decreased accounts receivable amounting to $8,835, increased deferred tax assets amounting to $378, decreased retained earnings and non-controlling interest amounting to $6,875 and $1,582, respectively.

C. The significant accounts as of December 31, 2017 are as follows:

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

		December 31, 2017
Financial assets held for trading		
Open-end funds-Domestic	$	181,000
Open-end funds-Overseas		136,320
Listed (OTC) stocks		171,527
Corporate bonds		103,217
Government bonds		124,271
		716,335
Valuation adjustments		519,080
	$	1,235,415

i. The Group recognised net gain of $442,444 on financial assets held for trading for the year ended December 31, 2017.

ii. The counterparties of the Group's debt instrument investments have credit quality ratings above "investment grade".

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

(b) Available-for-sale financial assets

		December 31, 2017
Current items		
Listed stocks	$	218,293
Valuation adjustments		163,227
Accumulated impairment	(	57,627)
	$	323,893
Non-current items		
Emerging and unlisted stocks	$	340,317
Valuation adjustments		33,782
Accumulated impairment	(	21,432)
	$	352,667

i. The Group recognised $197,418 in other comprehensive income for fair value change and reclassified $37,477 from equity to profit or loss for the year ended December 31, 2017.

ii. The Group has no available-for-sale financial assets pledged to others.

(c) Accounts receivable, net

i. The quality information of accounts receivable is based on customers' credit ranking and recoverable period of receivables in order to calculate the accrual of impairment. The Group's internal credit ranking policy is that the Group's treasury department assesses periodically or occasionally whether the credit ranking of existing customers are appropriate and adjusts to obtain the latest information when necessary. Customers' credit ranking assessment is based on industrial operating scale, profitability and ranking assessed by financial insurance institutions.

ii. The. Group's ageing analysis was based on past due date and the Group has no past due but not impaired financial assets.

iii. Movements analysis of allowance for bad debts of impaired financial assets is as follows:

	2017		
	Individual provision	Group provision	Total
January 1	$ -	$ 169,220	$ 169,220
Provision for impairment	-	22,014	22,014
Write-off during the year	-	(21,739)	(21,739)
Effect of exchange rate changes	-	(2,779)	(2,779)
Reversal of written-offs	-	2,147	(2,147)
December 31	$ -	$ 168,863	$ 168,863

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

D. Credit risk information as at December 31, 2017 are as follow:

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

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

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

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

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

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

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

Sales revenue

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

(b) The Group offers customers volume discounts. The Group estimates such discounts and returns based on historical experience. Allowance accounts for such liabilities are recorded when the sales are recognised.

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

	Year ended December 31, 2017
Sale of goods	$ 59,884,781

C. The effects and description of current balance sheets and comprehensive income statements if the Group continues adopting above accounting policies are as follows:

Balance sheet items	Description	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Contract liabilities	(a)	$ 335,964	$ -	$ 335,964
Other current liabilities	(a)	-	335,964	(335,964)

Explanation:

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

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

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

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

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

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

14. SEGMENT INFORMATION

(1) General information

The Group management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's operating segments are segregated into the global brand business group and other business group based on the revenues from all sources.

Global brand business group: in-charge of the development and sale of main boards, interface cards, notebooks and computer peripherals.

Other business group: in-charge of the development and sale of network & communication products and cell phones.

The Group's company organisation, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(2) Measurement of segment information

The Board of Directors assesses the performance of the operating segments based on the operating income (loss).

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2018

	Global brand business group	Other business group	Total
Total segment revenue	$ 50,440,556	$ 10,483,034	$ 60,923,590
Operating income (loss)	$ 2,990,459	($ 714,871)	$ 2,275,588
Depreciation and amortization	$ 6,628	$ 589,890	$ 596,518
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

Year ended December 31, 2017

	Global brand business group	Other business group	Total
Total segment revenue	$ 52,041,440	$ 7,843,341	$ 59,884,781
Operating income (loss)	$ 3,536,427	($ 1,310,077)	$ 2,226,350
Depreciation and amortization	$ 88,356	$ 492,176	$ 580,532
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

Note: As the Group's assets and liabilities are not the measurement items used by the Chief Operating Decision-Maker in evaluating segments, the measurement amount of the assets and liabilities that shall be disclosed is zero.

(4) Reconciliation for segment income (loss)

The revenue from external parties and segment profit (loss) reported to the Chief Operating Decision-Maker are measured in a manner consistent with those in the statement of comprehensive income. Therefore, such reconciliation is not required.

(5) Information on products and services

The revenue from external parties was derived primarily from the development and sale of interface cards, main boards, notebooks, computer peripherals, network & communication products and cell phones.

Details of revenue is as follows:

Items	Years ended December 31, 2018	2017
Peripheral cards	$ 28,239,379	$ 29,152,804
Mainboard	21,711,140	20,998,411
Computer server	7,255,517	7,379,692
Others	3,717,554	2,353,874
	$ 60,923,590	$ 59,884,781

(6) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

A. Revenue by geographic area:

	Years ended December 31,	
	2018	2017
Europe	$ 21,073,660	$ 19,050,960
China	13,348,786	13,062,076
USA and Canada	11,421,629	9,857,624
Taiwan	1,884,277	2,681,522
Others	13,195,238	15,232,599
Total	$ 60,923,590	$ 59,884,781

B. Non-current assets:

	2018	2017
Taiwan	$ 2,679,216	$ 2,608,833
China	1,236,980	1,371,136
Others	573,755	439,392
Total	$ 4,489,951	$ 4,419,361

(7) Major customer information

There was no customer accounting for more than 10% of the Group's operating revenue for the years ended December 31, 2018 and 2017.

VI. State the financial position of the Company if any insolvency occurs in the Company or affiliates in the most recent year until the date this report is printed: None

Seven. Financial position and the review and analysis of financial performance and risks

I.Financial Position

Analysis on financial positions - IFRS

Unit: NTD 1,000

Subject \ Year	2018 (Consolidated)	2017 (Consolidated)	Change	
			Amount	%
Current assets	28,959,419	33,623,284	-4,663,865	-13.87
Fixed Assets Real estate, factory, and equipment	4,131,468	3,876,017	255,451	6.59
Intangible assets	51,998	33,056	18,942	57.30
Other assets	2,591,710	1,265,315	1,326,395	104.83
Total assets	35,734,595	38,797,672	-3,063,077	-7.90
Current liabilities	10,955,638	13,983,138	-3,027,500	-21.65
Other Non-current liabilities	610,291	582,210	28,081	4.82
Total liabilities	11,565,929	14,565,348	-2,999,419	-20.59
Equity attributable to owners of the parent	24,083,475	24,089,901	-6,426	-0.03
Equity	6,356,889	6,356,889	0	0.00
Capital surplus	3,924,357	3,962,314	-37,957	-0.96
Retained earnings	13,417,437	13,840,935	-423,498	-3.06
Other shareholder's Equity	384,792	-70,237	455,029	-647.85
Non-controlling interests	85,191	142,423	-57,232	-40.18
Total shareholder's Equity	24,168,666	24,232,324	-63,658	-0.26

Significant Material Changes and Analysis:

1. Intangible assets: Mainly due to the addition of computer software in the current period.
2. Other assets: The main application is IFRS9 for the first time, and some of the investment projects are reclassified to financial assets measured by fair value through other comprehensive gains and losses.
3. Current liabilities: Mainly due to the decrease in purchases during the year compared to the previous year, resulting in a decrease in the amount of accounts payable.
4. Other equity: Mainly due to the increase in the exchange loss of the new Taiwan dollar in the financial statements of foreign operating institutions.
5. Non-controlling interests: Mainly due to the decrease in the proportion of non-controlling interests held by subsidiaries.

II. Financial Performance

(I) Comparison of Operatimg Results - IFRS

Unit: NTD1,000

Subject \ Year	2018 (Consolidated)	2017 (Consolidated)	Differences	
			Amount	%
Sales	60,923,590	59,884,781	1,038,809	1.73
Gross profit	10,123,214	10,198,857	-75,643	-0.74
Operating income	2,275,588	2,226,350	49,238	2.21
Non-operating income & expenses	677,183	949,277	-272,094	-28.66
Net profit before tax	2,952,771	3,175,627	-222,856	-7.02
Net income from continuing operations	–	–	–	–
Loss from discounted operations	–	–	–	–
Net Income	2,496,125	2,713,506	-217,381	-8.01
Other comprehensive incomes (net after tax)	15,127	74,409	-59,282	-79.67
Total comprehensive income	2,511,252	2,787,915	-276,663	-9.92

Analysis of Changes:

1.Other comprehensive for the current period decreased against that for the previous period mainly because the losses of overseas operations on translation and exchange for the purpose of financial statements increased against those for the previous period.

2.Operating income decreased is due to application IFRS9 for the first time, and some investment gains and losses are reclassified to shareholders' equity items.

Revenue expected for the future year and its basis, plus the main factors that affect the continued growth or decline of the Company's expected revenue:

With the stimulation from new generation of products to be launched in this year and the e-sports industry is booming and the development and application of 5G technology is gradually heating up, we look forward to produce many good results for the market. Gigabyte is expected to launch a number of innovative products in 2019, integrate supply chains, leverage channel advantages, maintain its leading position in terms of motherboard products, improve product distribution in the gaming market, launch a series of gaming peripheral products designed specifically for computer game players, and build an ultimate gaming sphere with full AORUS product ranges. In addition, it will also provide the latest artificial intelligence, big data and cloud applications solutions and create more profit and value for customers by virtue of continuous innovation of intelligent, personalized, customized design. It is expected that the sales volume of such products as motherboards, graphics cards, servers, etc, will grow.

III.Cash Flow

Analysis of Cash Flow - IFRS

(I) Analysis of liquidity over the last two years

Unit:%

Subject year	2018	2017	Difference (%)
Cash flow ratio	-21.31	27.92	-49.23
Cash flow adequacy ratio	80.06	132.38	-52.32
Cash reinvestment ratio	-18.04	7.94	-25.98
Explanation for changes: Due to the increase in inventory 2018, the cash flow from operating activities was negative, and the cash flow related ratio was different from the previous year.			

(II) Analysis on liquidity for the next year

Unit: NTD1,000

Cash Balance At beginning period (1)	Estimated cash flow from Operations for the year (2)	Estimated cash outflow For the year (3)	Estimated cash balance (short) For the year (1)+(2)-(3)	Corrective actions on cash short	
				Investment plan	Financial plan
8,610,907	3,132,208	2,267,032	9,476,083	—	—

1. Analysis of projected cash flow Changes in 2018
   (1) Business activity: 2019 revenues are expected to grow slightly and generate cash income from business activities.
   (2) Investment and financing activities: No major equipment purchases or local and overseas investments are planned in 2019. The emphasis will remain on the issuing of cash dividends.
2. Measures to make up deficient cash flow and liquidity analysis: N A

IV.The Effect of major capital spending on financial position and operation

(I) Major capital spending and sources of capital:

Unit: NTD1,000

The plan	Equipment Purchase	Actual or projected date of completion	Total amount of capital needed	Actual or projected use of capital
				2018
		2018.12	610,408	610,408

(II) Expected Result: N/A

V.The direct investment policy of the Company over the last five years, major cause for profit or loss and improvement plan, investment plan in next year

Analysis on Direct Investments

Unit: NTD 1,000

Item \ Description	The amount of investment income (loss)(Note)	Investment Policy	Major cause for profit or loss	Improvement plan	Investment plan in the future
G-Style	4,705	Sales of NB and gaming NB products	High competition, low margin	Transform products into niche products/ HQ integrates marketing resources to assist NB sales	None
SenYun Precision Optical	(287,345)	manufacture, and sales of optical lens	Revenue not up to an economic scale.	Strengthen production process management to improve yield and improve overall operational management efficiency	None

Note:Disclosed companies are subsidiaries that are actively operating and over which Gigabyte has controlling power (owns 50% of their shares).

VI.Risk Management and Evaluation

(I) The effect of interest rate and exchange rate volatility, inflation on the income status of the Company and measures to cope with the problem:

1. Effect of interest rate volatility and countermeasures: None
2. Effect of exchange rate volatility and countermeasures:
   (1) Over 90% of the Company's products are exported and traded in US Dollar. Major purchases are also traded in US Dollar. Naturally, the Company hedges 80% of such transactions. Gigabyte monitors currency market trends and steadily regulates the USD position to reduce the impact of exchange rates on the Company's profit.
   (2) All domestic sales in China by subsidiaries are traded in CNY. As large volatility in the CNY exchange rate will affect our Company's hedging strategy and profitability we use natural hedging and forward exchange in principle. As USD and CNY often go reversely, our Company balances these USD and CNY positions for hedging.
3. The effect of inflation on the profit and loss status of the Company and responding measures: None

(II) The engagement in the investment in high risk and high leverage investments, financing a third party, acting as guarantor in favor of a third party by endorsement, and the policy in derivative trade, the causes of loss or profit from such activities and the measures for coping with the problem:

For outward loans, endorsement/guarantee and derivatives, Giga-Byte has faithfully complied with the policies duly enacted in accordance with "Procedures in Acquirement or Disposal of Assets", "Procedures in Outward Loans of Capitals" and "Procedures in Endorsement/guarantee" and conservative policy. Under no circumstances has Giga-Byte engaged in high leverage investment.

(III) R&D plans, the current progress of R&D plans in progress, R&D expenses that should be committed in the future, expected date of volume production, and the factors contributing to successful R&D in the future in the most recent year and up to the publication date of the annual report:

1. 2019 R&D Plans :

Product R&D	Expected finish time
(1) World leading motherboard - Develop latest AORUS gaming motherboard - Develop latest Intel® platform motherboards - Develop latest AMD® platform motherboards	2019 Q2~Q3
(2) World leading graphic cards - Develop latest AORUS gaming graphic cards - Develop latest Intel® platform graphic cards - Develop latest AMD® platform graphic cards	2019 Q2~Q3

(3)Industry innovative cloud server - Develop latest Intel® platform servers - Develop latest AMD® platform servers - Develop latest AI computing applicable G-series servers - Develop latest hyper-converged infrastructure applicable H-series servers - Develop latest big data storage service S-series servers - Develop latest multimedia designer or software development engineer specific W-series workstation - Develop latest enterprise internal IT structure applicable R-series servers - Develop latest OCT computing structure compliant RACKLUTIONOP and large datacenter grand scale deployment applicable rack products - Develop servers with ultra-speed AI acceleration cards	2019 Q1~Q3
(4) AI smart gaming notebook computer - Develop latest AORUS gaming notebook computer - Develop next generation AI smart learning notebook computer - Develop next generation AERO series performance notebook computer - Develop next generation Intel® high performance notebook computer	2019 Q1~Q4
(5) Award winning gaming peripherals - Develop next generation smart gaming display	2019 Q2~Q3

2. Progress of unaccomplished R&D plans:
   Persist to present different types of new products ahead of the others in the industry.
3. The R&D expenses that should be committed will remain at the same level as that of the previous year. About NT$1,439 million more will be invested.
4. Projection on mass production:
   Mass production has proceeded as scheduled in the research and development plans. A number of advanced and diverse products were presented.
5. Major factors that affect the future success of R&D
   Initiation of projects that further expand our superiority in R&D, supporting hardware and equipment with Cloud services and applications for innovative software and hardware integrations. In addition to providing users with astounding functions, our products have also continued to garner awards and external recognition. We are able and confident in providing our customers with the best products by driving new innovative technologies and marketing of our new products and adhering to our practical and steadfast business philosophies that aims to sustainably maximize the value of our brand

(IV) The influence of significant Changes of policies and laws, domestic or foreign, toward the finance of the Company and the corresponding measures in the most recent year and up to the publication date of the annual report:

Gigabyte management is compliant to both local and international laws. Various departments are able to keep track of changes to major policies and laws and adjust our internal control and management policies as well as business activities where appropriate to ensure smooth business operations. Hence, Gigabyte is able to respond in a timely and effective manner to changes in important policies and laws. Regarding impact of tariff on products made in China and exported to the US amid the Sino-US trade wars, this company has been shifting their production to the Nanping base in Taiwan since H2 2018 and is to use it as the primary base for exporting to the America. Addressing International Tax Anti-Avoidance and strong demands by EU countries, he British Virgin Islands (BVI), the Cayman Islands (Cayman) and the Malaysian Labuan has been demanding actual operation identification and relevant annual tax reporting beginning this year. This company is continuously watching the promulgation of relevant enforcement rules in the aforementioned districts and carring out related reporting operations in compliance with these regulations.

(V) The influence of Changes of technology and in the industry toward the finance of the Company and the corresponding measures in the most recent year and up to the publication date of the annual report:
Gigabyte has been involved in this industry for many years and has continuously invested large amounts of resources for the R&D of new technologies, achieving a first rate R&D capability in our fields. Additionally, Gigabyte's management team maintains constant vigilance for future trends and technologies, and would adjust corporate business strategies and expand new market opportunities so that Gigabyte would remain in effective command of the overall economic environment and be aware of possible changes to corporate finances and businesses resulting from changes in the industry.

(VI) Gigabyte garnered another award for the 21 time in a row and has repeatedly won international design awards. We shall be able to maintain our superior corporate image.

(VII) Expected results from mergers and acquisition and possible risk: N/A

(VIII)Expected results from expansion of facilities and possible risk: See Item IV.

(IX) Possible risks from concentration of purchase and sales:
The customers who accounted for more than 10% of the sales of the Company are the sales platforms of the Company in Europe and Mainland China. The sales of this subsidiary are mainly from various European customers, so there is no risk of high concentration of sales. In addition, in terms of purchasers, Intel, NVIDIA and AMD motherboards and VGA chip makers are leading companies in the information industry. This is an industrial feature and there is no risk of concentration.

(X) The effect and risk of the massive transaction of or conversion of shares by directors, supervisors or dominant shareholders of the Company holding more than 10% of the stakes:
There were no massive transactions or conversion of shares effected by thedirectors or dominant shareholders of the Company holding more than 10% of the stakes in 2018 or as of date of publication.

(XI) The effect and risks of the Change of the management: N/A.

(XII) Litigious or Non-Litigious Events: There have been no litigious or non-litigious events that may significant affect the Company.

(XIII) Other major risks and responding measures: None.

VII.Others: None.

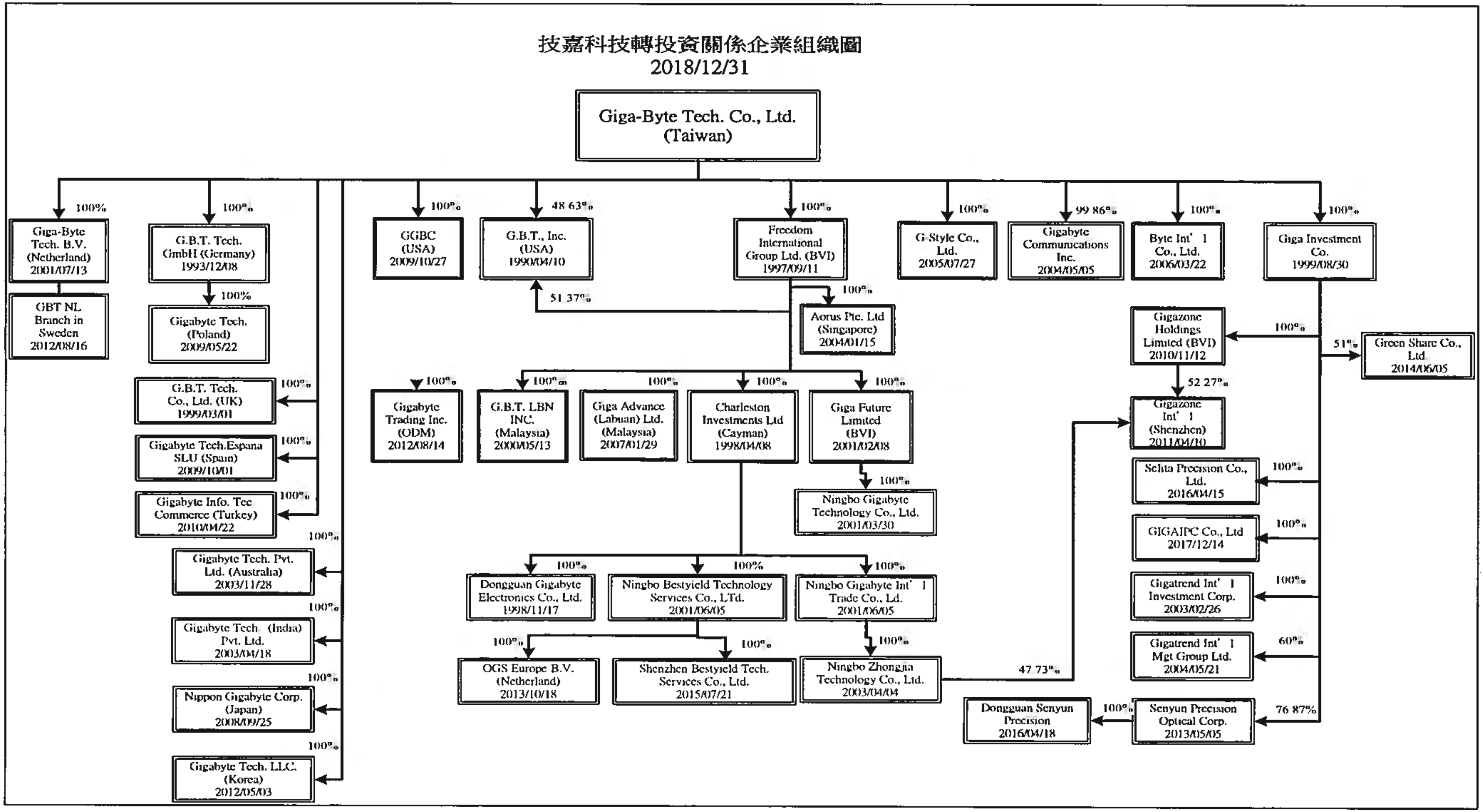
Eight. Special Matters

I. Related information on affiliates

(I) Summary status of affiliates

1. Organization of affiliates

(1) Affiliate organization chart:



(2) Pursuant to Article 369-3 of the Company Act, subordinate company presumed to have controlling interest: Nil.
(3) Pursuant to Article 369-2 of the Company Act, subordinate companies with HR, finance or business operations directly or indirectly controlled by the Company: Nil.

2. Basic data by Affiliates:

December 31,2018

Name of Company	Date of Establishment	Address	Capital Received	Primary business or production Item
G.B.T., Inc.	1990.04.10	17358 Railroad Street, City of Industry, CA, U.S.A.	USD 6,010,700	Sale of Motherboard, computer and peripherals
G.B.T. Technology Trading GmbH	1993.09.21	Bullenkoppel 16, 22047 Hamburg, Germany	EUR 7,620,000	Promotion of Motherboard, computer and peripherals
Freedom International Group Ltd.	1997.09.11	P.O.Box 4342,Road Town, Tortola,VG1110,Virgin Islands British	USD 142,671,691.54	Holding company
Charleston Investments Limited	1998.04.08	P.O.Box 31119 Grand Pavilion,Hibiscus Way,802 West Bay Road,Grand Cayman KY1-1205, Cayman Islands	USD 57,032,141.68	Holding company
Dongguan Gigabyte Electronics Co., Ltd.	1998.11.17	3 YuYuanYi Road, YuYuan Industrial District, HuangJiang, DOngGuan, GuangDong	USD 36,380,000	Manufacturing of Motherboard, computer and peripherals
GBT Tech. Co. Ltd.	1999.01.26	13 Warren Yard, Warren Farm Office Village, Wolverton Mill, Milton Keynes England MK12 5NW	GBP 800,000	Promotion of Motherboard, computer and peripherals
Giga Investment Co.	1999.08.30	6F., No. 10, Sec. 1, Roosevelt Rd., Zhongzheng Dist., Taipei City , Taiwan	NTD 2,737,565,000	Holding company
G.B.T. LBN Inc.	2000.05.13	Level 15(A1), Main Office Tower Financial Park Labuan, Jalan Merdeka 87000 F.T., Labuan, MALAYSIA		Promotion of Motherboard, computer and peripherals
Giga Future Limited	2001.02.08	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 82,819,549.86	Holding company
Ningbo Gigabyte Co., Ltd.	2001.03.30	9 ChuangYeEr Road, NingBo Bonded West Zone, NingBo, ZheJiang	USD 85,629,768	Manufacturing of Motherboard, computer and peripherals
Ningbo Best-Yield Repair and Maintenance Co., Ltd.	2001.06.05	9 ChuangYeEr Road, NingBo Bonded West Zone, NingBo, ZheJiang	USD 5,800,000	Repairing of computer, peripherals
Ningbo Gigabyte International Trading Co.	2001.06.05	9 ChuangYeEr Road, NingBo Bonded West Zone, NingBo, ZheJiang	USD 8,000,000	Sale of Motherboard, computer and peripherals
Giga-Byte Technology B.V.	2001.07.13	Steenoven 24, 5626 DK Eindhoven, Netherlands	EUR 850,000	Sale of Motherboard, computer and peripherals
Giga-Trend International Investment Group Ltd.	2003.02.26	6F.-2, No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City , Taiwan	NTD 695,900,000	Holding company
Ningbo Zhung Jia Technology Trading Co., Ltd	2003.04.04	9 ChuangYeEr Road, NingBo Bonded West Zone, NingBo, ZheJiang	CNY 28,000,000	Sale of Motherboard, computer and peripherals
Gigabyte Technology Pty. Ltd.	2003.11.28	U1/19-23 Clarinda Road Oakleigh South VIC 3167, Australa.	AUD 2,400,000	Promotion of Motherboard, computer and peripherals
Aorus Pte. Ltd.	2004.01.15	60 Paya Lebar Road #07-31 Paya Lebar Square Singapore	SGD 3,073,000	Trademark registration management
Chi-Ga Communications Co., Ltd.	2004.05.05	B2 No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City , Taiwan	NTD 21,488,380	Sale of communications products
Giga-Trend International Management Group	2004.05.21	6F.-2, No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City , Taiwan	NTD 10,000,000	Venture capital management and consulting business
Gigabyte Technology (India) Private Limited	2003.04.17	807 & 808, 8th Floor, Naman Midtown, B-WING, Elphinstone Rd., Mumbai	INR 46,000,000	Promotion and Repairing of Motherboard, computer and peripherals
G-Style Co., Ltd.	2005.07.27	5F No. 221, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City , Taiwan	NTD 720,000,000	Manufacturing and sale of notebooks

Name of Company	Date of Establishment	Address	Capital Received	Primary business or production Item
BYTE International Co., Ltd.	2006.03.13	B2 No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City , Taiwan	NTD 30,000,000	Promotion and Repairing of ITC products (3C outlet)
Giga Advance (Labuan) Limited	2007.01.29	Lot 2 & 3,level 3, Wisma lazenda ,Jalan kemajuan,87000 Federal Territory of Labuan, Malaysia	USD 10,000	Promotion of Motherboard, computer and peripherals
Nippon Giga-Byte Corp.	2008.09.25	15-14 Kanda Rokuchome, Chiyoda, Tokyo, Japan	JPY 10,000,000	Promotion of Motherboard, computer and peripherals
Gigabyte Technology Poland SP Z.O.O.	2009.05.22	ul. Fabry czna 20, 53-609, Wroclaw, Poland	PLN 50,000	Repairing of Motherboard, computer and peripherals
Gigabyte Technology ESPANA S.L.U.	2009.07.30	Calle Bilbao nº 58, BARCELONA, ESPAÑA	EUR 5,000	Promotion of Motherboard, computer and peripherals
Gigabyte Global Business Corporation	2009.11.02	17358 Railroad Street, City of Industry, CA, U.S.A.	USD 10,000	ODM bussiness
Gigabyte Information Technology Commerce Limited Company	2010.04.22	KÜÇÜKBAKKALKÖY MAH.DEFNE SK. FLORA RESIDANCE AP.N.1/282 ATAŞEHİR, İSTANBUL, Turkey	TRL 200,000	Promotion of Motherboard, computer and peripherals
Gigazone Holdings Limited	2010.11.12	Intershore Chambers, P. O. Box 4342, Road Town, Tortola, British Virgin Islands	USD 6,900,000	Holding company
Gigazone International (Shenzhen)	2011.04.10	06B-08 15th floor, ZhongHang Center, 1018 HuaFu Road, FuTian District, ShenZhen	CNY 82,507,020	Sale of computer and peripherals
Gigabyte Technology LLC.	2012.05.03	506, 138, WONHYORO YONGSANGU, SEOUL, South Korea	KRW 840,000,000	Promotion of Motherboard, computer and peripherals
Gigabyte Trading Inc.	2012.08.14	17358 Railroad Street, City of Industry, CA, U.S.A.	USD 50,000	ODM bussiness
Senyun Precise Optical Co., Ltd	2013.05.13	No. 2, Songjiang N. Rd., Zhongli Dist., Taoyuan City 320, Taiwan	NTD 970,000,000	Manufacturing and sale of electronic components
OGS Europe B.V.	2013.10.18	Steenoven 24, 5626 DK, Eindhoven, Netherlands	EUR 300,000	Selling of communication products
Green Share Co., Ltd.	2014.06.13	B2 No. 207, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City , Taiwan	NTD 16,000,000	Information software services
Shenzhen BestYield Tech. Services Co., Ltd.	2015.06.30	Block 1, 4th floor Unit B, GuoDian Technology & Logistics Center, 3 TaoHua road,FuTian Bonded Zone, ShenZhen	CNY 3,000,000	Repairing of Motherboard
Selita Precision Co., Ltd.	2016.04.18	B2 No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City , Taiwan	NTD 50,000,000	Manufacture and sale of bicycle parts
Dongguan Senyun Precise Optical Co., Ltd	2016.04.18	B27 11th floor MinJian Financial Center, 111 GuanTai Road, NanCheng Avenue, DongGuan	CNY 327,550	Selling electronic components and parts
GIGAIPC CO., LTD.	2017.12.14	B1 No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City , Taiwan	NTD 200,000,000	Selling of electronic components and parts, computer information products

3. Presumed to have the same shareholder data as an affiliate with controlling interest or subordination: Nil.
4. Overall scope of business of the affiliates

The business scope of the Company and its affiliates includes the manufacture, processing and trading of motherboards, display cards and other computer peripherals. The scope of the motherboard business managed by the affiliates is as follows:

(1) G.B.T., Inc. 、G.B.T. Technology Trading GmbH 、G.B.T. Tech. Co., Ltd. 、Giga-Byte Technology B.V. 、Gigabyte Technology Pty. Ltd. 、Aorus Pte. Ltd. 、Gigabyte Technology (India) Private Limited 、Nippon Giga-Byte Corp. 、Gigabyte Technology Poland SP. Z.O.O. 、Gigabyte Technology ESPANA S.L.U. 、Gigabyte Information Technology Commerce Limited Company 、Gigabyte Technology LLC and Gigabyte Trading Inc. ：Sale, promotion and repair of computer information products in the Americas, Europe, Asia and the Pacific region.

(2) Dongguan Gigabyte Electronics Co., Ltd. 、Ningbo Gigabyte Co., Ltd. ：Manufacture of computer information products and components for mainland China.

(3) Ningbo Best-Yield Repair and Maintenance Co., Ltd. and Shenzhen BestYield Tech. Services Co., Ltd. ：After-sales maintenance of computer information products in mainland China.

(4) Ningbo Zhung Jia Technology Trading Co., Ltd.：Sale of computer information products and components for mainland China.
(5) BYTE International Co., Ltd. ：Promotion and Repairing of ITC products (3C outlet).
(6)G.B.T. LBN Inc.、Giga Advance(Labuan) Limited and Giga Win Limited：Outsourced processing and sales distribution of motherboard components in mainland China.
(7)Freedom International Group Ltd.、Charleston Investment Ltd.、Giga Future Limited 及 Gigazone Holdings Limited：Holding company.
(8) Chi-Ga Communications Co., Ltd. and OGS Europe B.V.：Sale of hand-held products.
(9) G-Style Co., Ltd.：Manufacturing and sale of notebooks.
(10) Green Share Co., Ltd.：Information software services.
(11) Senyun Precise Optical Co., Ltd.：Manufacturing and sale of electronic components.
(12) Selita Precision Co., Ltd.：Manufacture and sale of bicycle parts.
(13) Dongguan Senyun Precise Optical Co., Ltd：Selling of electronic components and parts for mainland China.
(14) GIGAIPC CO., LTD.：Selling of electronic components and parts, computer information products.

5. Information on the directors, supervisors and general managers by affiliate:

December 31,2018

Name of Company	Role	Name / Representative	Number of Shares Held	
			Number of Shares	Shares Ratio %
G.B.T., Inc.	Director	Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming、Lu, Zheng-Wei	—	—
G.B.T. Technology Trading GmbH	Director	Liu, Ming-Hsiung、Huang,Guo-Hua	—	—
Freedom International Group Ltd.	Director	Giga-Byte Technology Co., Ltd. Representative:Yeh, Pei-Chen	142,671,692.54	100
Charleston Investments Limited	Director	Freedom International Group Ltd. Representative:Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming	57,032,141.68	100
Dongguan Gigabyte Electronics Co., Ltd.	Director	Charleston Investments Limited Representative:Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming	—	100
	GM	Ko, Wei-Di	—	—
GBT Tech. Co. Ltd.	Director	Liu, Ming-Hsiung、Huang,Guo-Hua	—	—
Giga Investment Co.	Director	Giga-Byte Technology Co., Ltd. Representative:Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming	273,756,500	100
	Supervisor	Giga-Byte Technology Co., Ltd. Representative:Chen,Chun-Ying		
G.B.T. LBN Inc.	Director	Freedom International Group Ltd. Representative:Yeh, Pei-Chen	—	100
Giga Future Limited	Director	Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming	82,819,550	100
Ningbo Gigabyte Co., Ltd.	Director	Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming、Tseng, Chun-Ming	—	—
	GM	Ko, Wei-Di		
Ningbo Best-Yield Repair and Maintenance Co., Ltd.	Director	Charleston Investments Limited Representative:Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming、Tseng, Chun-Ming	—	100
Ningbo Gigabyte International Trading Co.	Director	Charleston Investments Limited Representative:Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming、Tseng, Chun-Ming	—	100

Name of Company	Role	Name / Representative	Number of Shares Held	
			Number of Shares	Shares Ratio %
Giga-Byte Technology B.V.	Director	Lian, Jhih-Sin	—	—
Giga-Trend International Investment Group Ltd.	Director	Giga Investment Co. Representative: Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming	69,590,000	100
	Supervisor	Giga Investment Co. Representative: Chen, Chun-Ying		
	GM	Li, You-Sin	—	—
Ningbo Zhung Jia Technology Trading Co., Ltd	Director	Liu, Ming-Hsiung	—	100
Gigabyte Technology Pty. Ltd.	Director	Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming、Chen,You-Lang	—	—
Aorus Pte. Ltd.	Director	Liu, Ming-Hsiung、Ma, Mou-Ming	—	—
Chi-Ga Communications Co., Ltd.	Director	Giga-Byte Technology Co., Ltd. Representative:Yeh, Pei-Chen、Liu, Ming-Hsiung、Ma, Mou-Ming、Tseng, Chun-Ming	2,145,831	99.86
	Supervisor	Giga Investment Co. Representative:Chen,Chun-Ying	7	-
Giga-Trend International Management Group	Director	Giga Investment Co. Representative:Yeh, Pei-Chen、Liu, Ming-Hsiung	600,000	60
	Director	Li,You-Sin	10,000	1
	Supervisor	Chen,Chun-Ying	—	—
Gigabyte Technology (India) Private Limited	Director	Liu, Ming-Hsiung、Liu, Wen- Chung、Sunil Grewal	—	—
G-Style Co., Ltd.	Director	Giga-Byte Technology Co., Ltd. Representative:Ma, Mou-Ming、Yeh, Pei-Chen、Liu, Ming-Hsiung	72,000,000	100
	Supervisor	Giga-Byte Technology Co., Ltd. Representative:Chen,Chun-Ying		
BYTE International Co., Ltd.	Director	Giga-Byte Technology Co., Ltd. Representative:Yeh, Pei-Chen、Lin, Chi-Ching、Chen Zheng-Feng	3,000,000	100
	Supervisor	Giga-Byte Technology Co., Ltd. Representative:Liu, Ming-Hsiung	—	—
Giga Advance (Labuan) Limited	Director	Giga-Byte Technology Co., Ltd. Representative:Liu, Ming-Hsiung、Ma, Mou-Ming	10,000	100
Nippon Giga-Byte Corp.	Director	Lin Hong-Yu、Yeh, Pei-Chen、Ma, Mou-Ming	—	—
	Supervisor	Liu, Ming-Hsiung		
Gigabyte Technology Poland SP Z.O.O.	Director	Huang Guo-Hua	—	—
Gigabyte Technology ESPANA S.L.U.	Director	Wang Chuan-Jia	—	—
Gigabyte Global Business Corporation	Director	Yeh, Pei-Chen、Lu, Zheng-Wei	1,000	100
Gigabyte Information Technology Commerce Limited Company	Director	Giga-Byte Technology Co., Ltd. Representative:Chen, Jing Ting	8,000	100
	Director	Liu Zhong-Jin	—	—
Gigazone Holdings Limited	Director	Yeh, Pei-Chen、Liu, Ming-Hsiung	—	—

Name of Company	Role	Name / Representative	Number of Shares Held	
			Number of Shares	Shares Ratio %
Gigazone International (Shenzhen)	Director	Gigzone Holdings Limited Representative:Ye Ling-Da (Chairman)、Wong,Nai-Wun Ningbo Zhongjia Technology Co., Ltd. Representative:Liu, Ming-Hsiung	–	100
	Supervisor	Gigzone Holdings Limited Representative:Chen,San-Jing		
Gigabyte Technology LLC.	Director	Ma, Mou-Ming、Chiu, Chih Peng	–	–
	Supervisor	Chen,Chun-Ying		
Gigabyte Trading Inc.	Director	Liu, Ming-Hsiung、Lu, Zheng-Wei	–	–
Senyun Precise Optical Co., Ltd.	Director	Chen Hui-Zhou	496,293	0.51
	Director	Zhou Si-wei	1,379,048	1.42
	Director	Giga Investment Co. Representative:Wu Zhong-Liang、Bai, Guang-Hua	74,558,963	76.86
	Director	Pan Jin-Gui	80,000	0.08
	Supervisor	Ming Wei Investment Co., Ltd. Representative:Liu, Ming-Hsiung、Chen,Chun-Ying	2,813,717	2.9
OGS Europe B.V.	Director	Ma, Mou-Ming、Lin, Chi-Ching	–	–
Green Share Co., Ltd.	Director	Under liquidation. Board of Directors dissolved.	816,000	51
Shenzhen BestYield Tech. Services Co., Ltd.	Director	Lin, Chi-Ching	–	–
Selita Precision Co., Ltd.	Director	Giga Investment Co. Representative:Tseng, Chun-Ming 、Chao Cheng 、Bai, Guang-Hua	5,000,000	100
	Supervisor	Giga Investment Co. Representative:Chen,Chun-Ying		
Dongguan Senyun Precise Optical Co., Ltd.	Director	Chen, Huei-Jhou、Huang Yu-Hua、Wu Zhen-Qi	–	–
	Supervisor	Chen,Chun-Ying		
GIGAIPC CO., LTD.	Director	Giga Investment Co. Representative:Li, E-Tay 、Bai, Guang-Hua、Chen, Zhang-Xiang	20,000,000	100
	Supervisor	Giga Investment Co. Representative:Kai Yu-Sheng		

(II) Summary of Business Operations of Affiliates:

Financial status and operating results by affiliate:

December 31,2018 Unit: NTD'000; shares / NT$

Company Name	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Profit for the year (After income tax)	Eearnings per share
G.B.T., Inc.	186,439	3,337,421	3,174,569	162,852	10,624,469	(99,432)	(68,952)	(621.19)
G.B.T. Technology Trading GmbH	272,959	317,267	9,557	307,710	69,676	3,889	3,880	註二
Freedom International Group Ltd.	4,617,682	5,977,281	0	5,977,281	0	(6,819)	617,059	4.33
Charleston Investments Limited	1,844,922	2,807,544	2,404	2,805,140	0	(16)	308,353	5.41
Dongguan Gigabyte Electronics Co., Ltd.	1,180,938	1,976,767	384,585	1,592,182	9,551,986	191,491	163,252	註二
GBT Tech Co. Ltd.	47,488	15,636	4,231	11,405	28,182	823	1,207	1.51
Giga Investment Co.	2,737,565	2,984,242	275	2,983,967	0	(484)	(229,939)	(0.84)
G.B.T. LBN Inc.	0	1,683,172	1,957,831	(274,659)	5,035	(37,721)	147,018	註二
Giga Future Limited	2,689,068	3,066,092	4,672	3,061,420	0	(56)	228,260	2.76
Ningbo Gigabyte Co., Ltd.	2,780,313	3,723,348	749,121	2,974,227	10,889,333	280,139	227,219	註二
Ningbo Best-Yield Repair and Maintenance Co., Ltd.	181,923	216,021	66,514	149,507	377,055	5,287	561	註二
Ningbo Gigabyte International Trading Co.	259,752	1,045,054	624	1,044,430	12,176	(7,802)	143,177	註二
Giga-Byte Technology B.V.	25,984	222,401	73,670	148,731	797,350	23,521	13,516	1,590.12
Giga-Trend International Investment Group Ltd.	695,900	675,387	445	674,942	0	(18,996)	(44,422)	(0.64)
Ningbo Zhung Jia Technology Trading Co., Ltd	109,853	2,915,074	2,006,676	908,398	12,994,528	290,867	149,104	註二
Gigabyte Technology Pty. Ltd.(Austraila)	55,664	73,556	19,162	54,394	73,911	1,628	(2,561)	(1.07)
Aorus Pte. Ltd.	60,757	23,103	20	23,083	0	(2,686)	(2,664)	(0.87)
Chi-Ga Communications Co., Ltd.	21,488	50,923	15,729	35,194	272	(8,972)	35,677	16.63
Giga-Trend International Management Group	10,000	28,622	3,556	25,066	0	5,162	4,316	4.32
Gigabyte Technology (India) Private Limited	35,925	77,257	28,227	49,030	57,267	3,834	2,475	0.54
G-Style Co., Ltd.	720,000	971,841	629,888	341,953	2,064,230	17,368	4,705	0.07
BYTE International Co., Ltd.	30,000	60,780	3,569	57,211	18,155	10,845	12,182	4.06
Giga Advance (Labuan) Limited	298	11,624	0	11,624	0	(2,121)	(2,458)	(245.80)
Nippon Giga-Byte Corp.	2,778	22,777	13,423	9,354	24,656	1,205	627	627.00
Gigabyte Technology Poland SP Z O.O.	433	2,568	801	1,767	12,261	112	(201)	(2,010.00)
Gigabyte Technology ESPANA S.L.U.	241	5,023	782	4,241	16,122	306	317	63.40
Gigabyte Global Business Corpoartion	322	307	0	307	0	0	0	0.00
Gigabyte Information Technology Commerce Limited Company	3,541	3,045	538	2,507	3,971	225	200	25.00
Gigazone Holdings Limited	205,951	5,303	0	5,303	0	0	(242)	(7.01)

Company Name	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Profit for the year (After income tax)	Eearnings per share
Gigazone International (Shenzhen)	399,076	10,102	0	10,102	0	(339)	(463)	註二
Gigabyte Technology LLC.	22,534	39,947	3,828	36,119	40,916	806	72	0.43
Gigatey Trading Inc.	1,623	1,642	0	1,642	0	(92)	(92)	(1.84)
Senyun Precise Optical Co., Ltd.	970,000	733,241	425,778	307,463	186,962	(295,860)	(287,345)	(2.96)
OGS Europe B.V.	12,443	19,583	8,902	10,681	2,055	(9,804)	(13,048)	(4,349.33)
Green Share Co., Ltd.	16,000	8,229	0	8,229	(91)	(1,084)	(1,048)	(0.66)
Shenzhen BestYield Tech. Services Co., Ltd.	15,841	6,529	2,545	3,984	21,658	434	431	註二
Selita Precision Co., Ltd.	50,000	38,152	368	37,784	464	(1,524)	(1,318)	(0.26)
Dongguan Senyun Precise Optical Co., Ltd	1,609	33,331	32,930	401	33,630	(686)	(768)	註二
GIGAIPC CO., LTD.	200,000	188,328	10,446	177,882	73,258	(23,399)	(22,022)	(1.10)

Note 1: If the affiliate is an overseas entity, the respective balance sheets and income statements must be converted at the rate as on the report date and presented in NTD (thousands)

Note 2: A limited company. Not Applicable.

(III) Consolidated financial statement: please refer to the "Current Year Audited Consolidated Financial Statement of the Subsidiaries" in "Six. Financial Summary".

(IV) Affiliation Report：None.

II. Processing of private equity as of current year and up to financial statement report date：None.

III. Subsidiary holding or disposing shares as of current year and up to financial statement report date：Not applicable.

IV. Any other supplementary information：None。

V. Any incidents of significance pertaining to Article 36 para 3 item 2 of the Securities & Exchange Act as of current year and up to financial statement report date：None.

台北總公司 / Taipei Headquarter

桃園南平廠 / Nan Ping Factory, Taiwan

大陸東莞廠 / Dong Guan Factory, China

大陸寧波廠 / Ning Bo Factory, China