GIGA-BYTE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2018 AND 2017

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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CONSOLIDATED FINANCIAL STATEMENTS
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DECEMBER 31, 2018 AND 2017

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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

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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	%	2017 Amount	%
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

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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

(Continued)

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	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) <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 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	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	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	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)

			December 31, 2017			
			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%	$ -	$ -	$ 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.

GIGA-BYTE TECHNOLOGY CO.,LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2018

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

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

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

GIGA-BYTE TECHNOLOGY CO.,LTD.
Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital
Year ended December 31, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

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

GIGA-BYTE TECHNOLOGY CO.,LTD.

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

Year ended December 31, 2018

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

GIGA-BYTE TECHNOLOGY CO.,LTD.

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

Year ended December 31, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

GIGA-BYTE TECHNOLOGY CO.,LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

GIGA-BYTE TECHNOLOGY CO.,LTD.

Information on investees

Year ended December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

GIGA-BYTE TECHNOLOGY CO.,LTD.

Information on investments in Mainland China

Year ended December 31, 2018

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

GIGA-BYTE TECHNOLOGY CO.,LTD.

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

Year ended December 31, 2018

Table 9

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

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