

# GIGABYTE™

## GIGA-BYTE TECHNOLOGY CO., LTD. ANNUAL REPORT, 2019



Motherboard



Graphics Card



Peripherals



Monitor



Notebook



PC Components



Server / Storage

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## One. Report to Shareholders

Dear Shareholders:

In 2019, with the impact of unknown prospect of US-China trade negotiation, China's economic slowdown, Europe's weak growth, and the possibility of the United Kingdom leaving the EU without agreement, global economic growth significantly slowed down compared to 2018. The Company's operating performance was also affected by the above-mentioned changes in the international market. The double impact from decline in the virtual currency market in the first half of 2019, followed by Intel CPU stock shortages resulted in unsatisfactory overall operating performance in the first half of the year. However, with the Company's strength in the gaming product market and high-speed computing cloud server over the years, it actively adjusts its overall sales and product portfolio. In spite of the headwinds due to change in environment, operating performance still maintains the required standard, and consolidated revenue increased by 1.41% compared to last year, maintaining at above NT\$60 billion.

The 2019 operating outcomes and the summary of 2020 business plan are described as follows:

### I. 2019 Business Highlights

#### (1) Financial and operating highlights

Unit: NT\$100 million

Item	2019	2018	Difference	Percentage of Difference (%)
Operating income	617.81	609.24	+8.57	+1.41
Gross profit	95.91	101.23	-5.32	-5.26
Net profit after tax of the parent company	19.39	25.67	-6.28	-24.46

Item		2019	2018
Financial structure (%)	Debt to total assets (%)	35.42	32.37
	Long-term capital to property & equipment (%)	611.64	597.70
Solvency (%)	Current ratio (%)	237.73	264.33
	Quick ratio (%)	143.22	151.40
Profitability (%)	Return on assets (%)	5.30	6.90
	Return on equity (%)	8.02	10.66
	Profit margin (%)	3.14	4.21
	Basic EPS (NT\$)	3.05	4.04

## (2) New RD/technology innovation outcomes

### 1. World's top motherboard

Continue to satisfy esports players with optimal gaming experience and meet overclocking enthusiasts' demand of product performance and high stability.

GIGABYTE's Z390 motherboard is the first flagship product in the industry that uses 16-phase IR digital power. Coupled with unprecedented exclusive all-in-one innovation heat dissipation design, it fully unleashes the extreme performance of the latest Intel® processor, allowing overclocking gamers to easily achieve excellent overclocking efficiency of full-core above 5GHz. Also, with its personalized design such as stylish exteriors and built-in dual lighting effect in digital RGB light, the product won itself the 2019 Red Dot Design Award.

### 2. Industry-leading graphics card

Launched new generation AORUS high-end graphics card equipped with various patented innovative technologies. Coupled with industry's highest grade display chip based on Turing architecture, it creates the market's only RGB three-ring dynamic lighting effect that takes advantage of the persistence of human vision, to perfectly present the ever-changing amazing effect. Self-developed comprehensive heat dissipation system equipped with patented stack fan that provides smooth airflow and unique blade fan design, effectively increases heat dissipation. Exclusive 7 display output ports, for consumers to easily connect to 3 HDMI displays or 3 DP displays. Gamers can enjoy AORUS graphics card's top-end computing performance, as well as an exquisite visual feast and user experience.

### 3. Industry's innovative cloud server

#### ① AI solutions research and development

Developed various server product lines to support massive GPU/FPGA parallel acceleration, with the aim to increase the computational efficiency in artificial intelligence training. It also makes use of enterprise products across stations/terminals, by launching corresponding AI terminal products, from workstations that support standard PCIe card (influence card) to mini computing modules powered by algorithms. In addition, developed all-flash array storage infrastructure products to provide more complete and highly-efficient AI suite products, and provide customers with optimal flash storage and computing advantages, as well as solve complex system maintenance problems such as isolated data island, speeding up customers' future discovery and insight. This solution helps National Cheng Kung University to come in first in the international "High Performance Computing and Artificial Intelligence (HPC-AI) Student Competition" and Fan Favorite award in "Germany's ISC Student Cluster Competition", one of the world's top three computing competitions. This is the glory of Taiwan! This is the glory of GIGABYTE!

#### ② 5G architecture integrated solution

5G mobile network is a cross-domain networking service architecture specially designed for future lifestyle. Currently, 5G architecture deployment is mainly driven from open-source software and hardware, followed by refurbishing the network architecture. It upgrades small cell technologies, deploys to the terminal and then

gradually to SDN hardware with the server as the main body. GIGABYTE has 20 years of experience in hardware supply in vertical application, and cooperates with 5G chipset manufacturers, national research and development teams, and networking software startups. With its early preparation targeting compatibility and software and hardware optimization, it takes the lead in 5G commercial operations, and seizes business opportunities in Enhanced Mobile Broadband (eMBB) and business-critical services with terminals and SDN products.

③ Cooperates with AMD in launching EPYC™ platform

Due to EPYC's excellent cost performance, GIGABYTE has since the launch of its first generation EPYC, made foresight planning in establishing EPYC product lines development. Since the launch of AMD's second generation EPYC projects, it has been involved in complete development work. In 2018, together with AMD, it launched server product lines such as computing, storage, high-performance computer, hyperconverged infrastructure, etc., in the world, as well as developed GPGPU Server for AMD platform, providing more flexible GPU solutions.

4. AI gaming laptop

GIGABYTE AORUS gaming laptop, committed to excellence in research and development, is the world's first AI laptop. Its NVIDIA® GeForce RTX™ extreme laptop gaming experience and ray tracing technologies, provide real time unprecedented movie grade situational effect for the gaming laptop.

5. Ultra compact PC Champion Brix™

As an important member of Intel® IoT Solutions Alliance, GIGABYTE is one of the indispensable cores of the vibrant development of the Internet of Things (IoT) computing market. We have developed various innovative reference designs for Intel® new platform, and will further expand to launch a high volume of professional IoT products and optimized solutions for customers. Featuring industry-leading performance and security, outstanding product quality and highly flexible input/output (I/O) design, GIGABYTE BRIX™ IoT is very suitable for various types of IoT applications.

6. Gaming peripherals that won numerous awards

① World's first tactical AORUS AD27QD gaming monitor that incorporates various exclusive features and patented technologies

AORUS AD27QD features a full plane 27-inch borderless design, presenting you with unprecedented gaming audio and video quality, as well as provide various market's exclusive tactical functions such as Black Equalizer, Aim Stabilizer, GameAssist, AORUS Dashboard, OSD Sidekick which can be directly controlled with mouse and keyboard, and AORUS's patented Active Noise Cancelling (ANC). These designs have won innovative design award in Computex 2019, and best design award in Computex BC Award, which proves that they are not only high-end tactical equipment for gaming, but also masterpieces of extreme craftsmanship.

② Breakthrough PCIe 3.0 efficiency limit, GIGABYTE launches AORUS RAID SSD 2TB solid state drive

Launches latest high-speed PCIe Gen x8 interface AORUS RAID SSD 2TB AIC SSD, providing up to 1.8 times of performance compared to traditional PCIe 3.0 NVMe SSD. Its cooling fins, comprehensive M.2 exclusive heat sink, active cooling design, and

AORUS Storage Manager application, allow gamers to monitor and adjust SSD operating status at all times!

③AORUS Memory Boost function enables easy performance upgrade, provide industry's ultimate lighting fluency

The latest AORUS RGB memory uses DDR4 XMP design coupled with GIGABYTE's carefully selected motherboard. Through AORUS Memory Boost, it can swiftly upgrade memory frequency. It also features the new Wave2 rainbow mode that allows gamers to customize lighting configuration for the system and other components, and create unique personal styles.

#### 7. Innovative digital application - Smart Life

Developed cross-domain smart agricultural IoT that is able to reflect and predict ecological and environmental factors at real time. It comprises soil moisture, temperature, and growth analysis, and integrates with cloud linkage of backend data center to conduct monitoring and big data analysis, optimizing production efficiency. For convenient lifestyle service, GIGABYTE industrial computers are also applied on smart try-on mirror. It creates complete facial AR/VR, and uses 3D lens experience at real time for future try-on simulation, generating optimized data for companies in decision management. In addition, facial recognition is also used together with big data on smart signage and security access control, analyzing traffic flow for precision marketing or security. With the exchange of diverse smart technologies, we also cooperate with the smart glasses industry by combining AR/MR technologies with GIGABYTE hardware computing analysis, and produce services of better digitization, and higher efficiency and precision. GIGABYTE Smart Life makes use of innovative technologies as its basis for upgrading life. With one-stop integration for tracking of every step, it simplifies modern lifestyle and workload.

## II. Summary of 2020 Business Plan

### (1) Market

Target high-growth markets such as gaming and creators, continue to expand width and depth, develop products designed to meet user requirements, with features such as personalization, intelligentization, high efficiency and ease of use, and implement brand spirit, "Upgrade Your Life!" to all over the world! In terms of cloud server market, cloud and AI demand is still strong, and 5G application demand will grow. GIGABYTE is confident to continue to drive the growth in both revenue and profitability.

### (2) Product

Expected to develop diverse new generation products and services on open platform: AORUS gaming peripherals, new generation top series motherboard, new generation high-end gaming graphics card, innovative computer peripherals and world's first tactical gaming monitor. System platform comprises: Brix ultra-slim laptop and AI laptop. Cloud applications comprises: Server products such as 5G application series, AI cloud computing series, hyper-converged infrastructure series, big data storage service series, enterprise IT architecture series, etc. Smart applications comprises: AIoT application system solutions, smart recognition services, automotive electronics, photoelectric integration related application products, etc. Continue to integrate software and hardware, add new product elements, satisfy different user groups.

(3) Marketing

AORUS will continue to lead the gaming market with its passionate and stunning product trend, while GIGABYTE will adhere to produce high quality and high efficiency products in the channel. In recent years, it has successively developed 5G, cloud computing, AIoT and smart applications, so as to cater customers with comprehensive products.

(4) Sales Channel Establishment

Besides expanding the operating model to B2B2C and strengthening traditional channel marketing of existing distributors, we also cooperate with e-commerce, and make use of e-commerce platforms to expand sales and shopping guides, as well as carry out precision segment marketing and services. The new model can effectively transform competition into strength, as well as drive the growth of brand and operational performance.

(5) Manufacture

With the uncertainties of the US-China trade war and long-term impact of the pneumonia outbreak, GIGABYTE continues to enhance automation and intelligentization in Taiwan manufactured products, resolve manpower problems in the short run, and reduce trade risk and production cost in the long run.

(6) Service

Continue to make use of AI technologies, accurately meet and satisfy customers' needs with smart service methods that combine virtuality and reality. We make use of innovative technologies such as smart recognition technologies, smart lockers, smart customer service robots, etc. to further increase customer satisfaction.

(7) Social Responsibility

The vision of promoting sustainable development begins from GIGABYTE's corporate mission, "Innovative Technologies, Upgrade Your Life", and we have established 4 major sustainable development policies. Based on our expertise in research and development, and innovation capabilities, we have developed low-carbon technologies. Since the launch of the Green Action Plan, we have reduced more than 40% of carbon in the past decade, far exceeding the original target. We also actively respond to Science Based Targets initiative (SBTi) and Task Force on Climate-related Financial Disclosures (TCFD), and strive to meet international climate targets and strategies, to generate more significant performance. We also organize international climate workshops for the future generation of Taiwan to learn about the global climate change crisis, and practice sustainability. GIGABYTE Technologies continues to provide friendly products and services, and care for the society. We take active effort for the good of the people, environment, and society, and for the sustainability of the earth!

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

1. The favorable factors for the Company's operational development

- (1) Early this year, the United States and China reached the first phase of trade negotiation, and both parties started to adjust the original additional tariffs measures, followed by the second phase of trade negotiation. US-China trade offense and defense temporarily come to an end, which will be beneficial for the Company's overall capacity allocation.



- (2) Esports competition has gradually become mainstream events, and esports global output is expected to exceed USD1.65 billion by 2021.  
GIGABYTE's main products are gaming motherboard, gaming graphics cards, gaming laptop and related peripherals. Hence, the rapid growth of global esports output is favorable for the Company's future operating performance.
- (3) With the arrival of the 5G era, high-performance computing servers and edge computing development will be future mainstream. In recent years, GIGABYTE sees a fast revenue growth in network communication equipment. In the future, we will continue to invest in research and development, and it is expected to drive the Company's revenue and profitability.
2. The unfavorable factors for the Company's operational development
- (1) International oil price collapse and global pandemic have weakened both supply and demand. In the past, it was assumed that a drop in oil price was beneficial for cost control. However, once it turns into deflation, it will reduce cost advantage, impact the global economy, and thereby affect the Company's transnational operations.
- (2) The impact of US- China trade has slowed China's economic growth, and the reduced purchasing power and purchase demand will impact the Company's operations in the region.
- (3) With the global outbreak of the new coronavirus, IMF Chief predicts that the coronavirus epidemic will trigger the worst recession since the Great Depression in the 1930s, and the global economy will shrink by 3%. As the epidemic continues to spread, lockdown measures of the countries have caused trading activities to stop and unemployment to increase, which are unfavorable for the Company's revenue.
- (4) In response to the epidemic, major countries swiftly launched QE monetary easing policy. Cash outflow to Asia may cause appreciation shock to the Taiwan Dollar, which is unfavorable for GIGABYTE as we rely on exports.
3. Company's future development strategies
- (1) Specialize in a full range of AORUS gaming peripherals, providing gamers with integrated solutions product experience.  
Besides existing AORUS hit products which comprise gaming series motherboard and graphics card, GIGABYTE actively develops a full range of AORUS peripherals with excellent firmware technologies and highly integrated performance. GIGABYTE also develops gaming peripherals such as RGB DRAM Memory Module and AD27QD, world's first tactical gaming monitor, etc., specially for gamers. Through system resource integration and sharing, create an ultimate extraordinary gaming experience for gamers, and with complete sensory stimulation, immerse gamers in the fast and furious virtual gaming world, and ultimate magical feast!
- (2) In welcoming the 5G era, build high-performance AI clouds, comprehensive server product lines.  
The 5G era is a generation for AI and high-performance clouds. GIGABYTE will continue to build a full series of high-performance AI cloud server products. It will provide server product requirements in various different professional fields such as AI computing, hyper converged computing, big data storage service, multi-media software development design, enterprise internal IT architecture, etc., and build a new beachhead

for future cloud server development in the era of high-performance cloud. Also, GIGABYTE will actively invest in the research and development of edge computing, and apply edge computing architecture on related products. Besides assisting customers by providing instant response on exception messages, we also carry out preprocessing on the massive data collected, increasing overall product value brought about by data processing efficiency.

(3) Integrate opto-mechatronics series of products.

Opto-mechatronics product integration is the key direction of mid- and long-term development of GIGABYTE. Currently, besides existing motherboards, graphics cards and server products, GIGABYTE also invests in the research and development of 3D facial recognition technologies, automotive motor products, industrial computer products, etc.

(4) Actively invest in the venous industry, and contribute to the earth.

GIGABYTE will actively invest in venous recycling system integration for in-house products. In the midst of research and developing new products, it will also uphold a responsible attitude, by recycling and reusing products it produced in the past. Through existing product maintenance networks, carry out classification, recycling and dismantling and trimming, continue to promote GIGABYTE's corporate philosophy of sustainable development, and contribute to the earth.

Looking forward, GIGABYTE will lay the foundation for its brand, and during the course of research, innovation, and sustainable development, will continue to generate profit for the Company, share with shareholders, benefit mankind, and give back to the society.

Wish You Health and Happiness.

Dandy Yeh  
Chairman

Chairman: Pei-Cheng Yeh

General Manger: E-Tay Li

CFO: Chun-Ying Chen

## Two. The Company

I. Date established: April 30, 1986

### II. Company History

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

January 1999	Revolutionized the motherboard industry with the launch of patented Dual BIOS technology.
June 1999	Ranked 41 by the US <i>Business Week</i> magazine among the world's top 100 IT companies.
September 1999	GA-BX2000 and GA-660 ranked No. 1 by the PC Magazine in the Netherlands.
April 2000	New corporate headquarters at No. 6 Baoqiang Rd. in Xindian completed and put into service.
June 2000	Retained earnings were capitalized increasing paid-in capital to \$3,281,352,600.
July 2000	GDRs (30,000,000 shares of common stock) issued for cash capital increase. The GDRs were offered to the public in Luxemburg on July 17 and paid-in capital subsequently increased to \$3,581,352,600.
September 2000	Pingzheng 2nd Plant and Nanping Plant completed.
October 2000	Gigabyte formed a strategic alliance with Conventive Advance, a Linux vendor, and jointly announced the "Appliance Server" and "IU Rackmount Server" for the Linux platform. The two new products were designed to provide small and medium enterprise users as well as general users with powerful and highly efficient total network solutions.
March 2001	Successfully issued US\$115 million in ECB.
March 2001	Gigabyte Ningbo Co., Ltd. established for the manufacturing of computer and IT products.
June 2001	Presented with the "1st Outstanding Promotion of Fine Taiwan Product Award".
June 2001	Gigabyte Maintenance Ningbo Ltd. established for the maintenance of computer and IT products.
June 2001	Gigabyte International Trading Ningbo Co., Ltd. established for the importing and exporting of computer/IT products and parts.
September 2001	Won the Gold Mind Award at the "2001 National Inventions Exhibition".
September 2001	Gigabyte and the Legend Group of China set up a joint venture in Hong Kong to engage in Contract Electronics Manufacturing (CEM). This expanded our production capacity, reduced production costs and increased competitiveness.
January 2002	Gigabyte became the only motherboard maker in Taiwan to receive the "Fine Product of Award" for five consecutive years.
March 2002	GDRs converted by bearers into 291,886 common shares, increasing paid-in capital to NT\$4,594,133,440.
May 2002	Presented with the "National Product Image Award".
May 2002	Held new product conference for the announcement of P4, Maya display card, ZYGMA and IA products.
June 2002	Presented with a number of product awards from online media in New Zealand, Hungary, Russia, the U.S., Denmark, Singapore, the U.K., Germany and France.
January 2003	Wireless communications R&D team formed at Tainan Science-based Industrial Park.
March 2003	Established Russia Office in Moscow.
June 2003	Hosted joint conference announcing all of the products for 2003 from three business units.

June 2003	Set up Ningbo Zhongjia Technology & Trading Co., Ltd. to handle all sales in China.
October 2003	Ningbo plant completed and commissioned. The plant is used for motherboard manufacturing as well as IA and system assembly.
December 2003	Gigabyte voted the champion of the "Superior Products of the Year" for three consecutive years.
May 2004	Hosted product conference for the G-MAX series of new products that "Transcend the Limit".
May 2004	Gigabyte Communications Inc. established for R&D and sales of communications products.
July 2004	G-MAX NB-1401 won the "National Image Product Gold Award", the top industry award.
October 2004	Gigabyte was once again recognized by the industry at the 15th "National Quality Awards".
December 2004	Gigabyte award ceremony at the National Quality Awards.
January 2005	Gigabyte became the only company to achieve 100% win rate at the Taiwan Excellence Awards for 8 consecutive years.
March 2005	Launched the AirCruiser G Desktop Router, the world's first 54 Mbps PCI wireless router.
March 2005	Presented the first Gigabyte-designed streamlined cell phone at CeBIT 2005.
June 2005	Notebook computer and expandable wireless base station presented with the "13th National Product Image Award", making this the 4th consecutive year that Gigabyte has won this award.
December 2005	Gigabyte releases the Windows Mobile 5.0 PDA, the first to feature TV service.
December 2005	Launched the Gigabyte g-Cam, the first mobile phone with 7-Megapixel camera.
December 2005	First company to pass IECQ QC 080000 certification.
January 2006	Gigabyte, the leader in digital home motherboards, released the first motherboard in the world designed for Intel Viiv technology.
March 2006	Gigabyte's full product line-up attracted much attention at CeBIT 2006 in Hannover. For its 20th anniversary, the Company has successfully diversified into a variety of different fields.
March 2006	Gigabyte Communications partnered with Synergy Technology (Asia) to launch the g-Smart PDA running Windows Mobile 5.0 with TV support as well as the g-Cam, the first mobile phone with a 5-Megapixel CCD camera.
April 2006	New dual-core series of notebook products launched at Gigabyte product conference.
June 2006	The W251U notebook named Best Choice of Computex with its creative, user-friendly, slim and stylish design.
August 2006	Gigabyte presented with the 14th Gold Award Products of Taiwan special award for "Distinguished Performance Manufacturer --- with more than 100 Awards on Outstanding Products over the years". Five products also won the Silver Award, an unprecedented feat.
August 2006	Named "Outstanding Brand of Taiwan" by the Ministry of Economic Affairs for 2 consecutive years.
October 2006	Gigabyte won the National Design Award- Product Design Gold Award with its G-Pad, a cooling device for notebook PCs.

October 2006	Gigabyte won the Good Design Award in Japan with its g-Smart i and W251U.
November 2006	Successfully issued US\$100 million in ECB for a second time.
December 2006	Gigabyte Education Foundation held the 5th G-DESIGN Contest. The contest was officially renamed as the G-DESIGN Wild Thoughts Contests starting this year.
December 2006	Gigabyte United Inc. established. The new subsidiary takes over the existing Gigabyte branded channel desktop PC motherboard and display card business.
May 2007	Gigabyte's GV-NX76T256-RH graphics card won Best Choice at COMPUTEX Taipei 2007
June 2007	Gigabyte achieved a 100% win rate for 10 consecutive years at the 15th Taiwan Excellence Awards
July 2007	GIGABYTE named a Taiwan TOP 20 Global Brand for the 4th consecutive year
July 2007	GIGABYTE GSmart t600 PDA Phone won the Taiwan Excellence Gold Award
December 2007	GIGABYTE G-Pad, Roll Pad won the iF Product Design Award 2008.
April 2008	Gigabyte wins the 16th Taiwan Excellence Award for the 11th consecutive year.
May 2008	The Multi-Media IP-TV Box Glee Cube won the grand award in "Taiwan Golden Award 2008". Both the notebook cooler pad "Roll Pad" and smart phone "GSmart MS820" also won the "2008 Taiwan Excellence Award Silver Medal".
August 2008	Board Meeting approved the merger of "Gigabyte" motherboard and graphic card subsidiary "Gigabyte United Inc." effective from October 1.
October 2008	GA-EP45-UD 3P series P45 motherboard with "Ultra Durable 3" technology released.
November 2008	Strategic alliance of Gigabyte, Intel and Chunghwa Telecom launches the first MID (Mobile Internet Device) ---GIGABYTE M528.
April 2009	Gigabyte launched the Booktop M1022M, an innovative multi-purpose portable notebook that can be transformed into PC by using a plug and play dock.
April 2009	Gigabyte Intel X58 series motherboard authorized by n-Vidia to use SLI technology for increased graphical performance.
June 2009	Gigabyte ranked 19th in the "2009 Taiwan Info Tech 100" for its innovative value.
October 2009	Gigabyte's Booktop M1022 awarded the "2009 Golden Pin Design Award", making it the only laptop winner.
November 2009	Gigabyte is the first in the industry to roll out a USB 3.0 SATA 6 Gbps solution based on AMD platform.
December 2009	At 18th "Taiwan Excellence Award", Gigabyte achieved a 100% win rate for 12th consecutive years.
January 2010	Gigabyte's USB motherboard is the first to receive the USB-IF certification.
February 2010	Gigabyte rolls out its first P55 chipset UD7 mother board.
March 2010	Gigabyte rolls out the industry's lightest laptop and a Netbook powered by Intel's latest Pine Trail-M platform.

April 2010	Gigabyte is the first in the industry to roll out a mother board that possesses iPad USB power supply functionality.
July 2010	Gigabyte is the first in the industry to roll out a Mini-ITX motherboard featuring USB 3.0.
September 2010	Gigabyte ranked 17th in a survey of international Taiwanese brands value.
December 2010	At the 19th "Taiwan Excellence Award", Gigabyte achieved a 100% win rate for the 13th consecutive year.
January 2011	Gigabyte rolls out new generation of motherboards that support Intel Core Duo (Sandy Bridge) processors.
February 2011	Gigabyte announced a new G1-Killer gaming motherboard, providing gamers superior graphics, superior audio, superior speed, and superior durability for ultimate performance.
March 2011	Gigabyte X58A-OC motherboard is the world's first motherboard designed specifically for overclocking. Gigabyte K8100 gaming keyboard won the Red Dot design award in Germany.
April 2011	Gigabyte GA-X58A-UD9 won the "19th Taiwan Excellence Awards Silver Medal".
May 2011	Gigabyte G1 Assassin won the "Innovation and Design Award" at the 2012 Taipei International Computer Show.
July 2011	GIGABYTE named one of the 100 major brands in Taiwan.
November 2011	Gigabyte Education Foundation recognized for service to social education by the Ministry of Education.
January 2012	At the 20th "Taiwan Excellence Award", Gigabyte achieved a 100% win rate for the 14th consecutive year.
February 2012	GIGABYTE passed AEO certification.
October 2012	In the Survey on Taiwan's International Brands (2012), conducted by Interbrand, managed by the Taiwan External Trade Development Council, and sponsored by the Ministry of Economic Affairs, Gigabyte proved its solid brand prestige, ranking 22nd among Taiwan's international brands.
November 2012	Gigabyte participated in the Best Business Paradigm Award sponsored by the Taoyuan County Government and received "Sensible Workplace – Best Business Paradigm Award."
December 2012	At the 21th "Taiwan Excellence Award", Gigabyte achieved a 100% win rate for the 15th consecutive year.
December 2012	The Company was awarded the Corporate Sustainability Award of Industry Elite Award in the information products and services category by the Industrial Development Bureau, MOEA.
April 2013	Gigabyte's Aivia Neon won Germany's 2013 Red Dot Product Design Award.
April 2013	Gigabyte's P2542G gaming notebook and GTX 680 performance display card won the Silver Medal at the 21st Taiwan Excellence Awards.
June 2013	Gigabyte won the Innovation Design Award at Computex 2013.
December 2013	At the 22nd "Taiwan Excellence Award", Gigabyte achieved a 100% win rate for the 16th consecutive year.
December 2013	The Company received the "2013 Carbon Reduction Mark Superior Award" from the Environmental Protection Administration, Executive Yuan

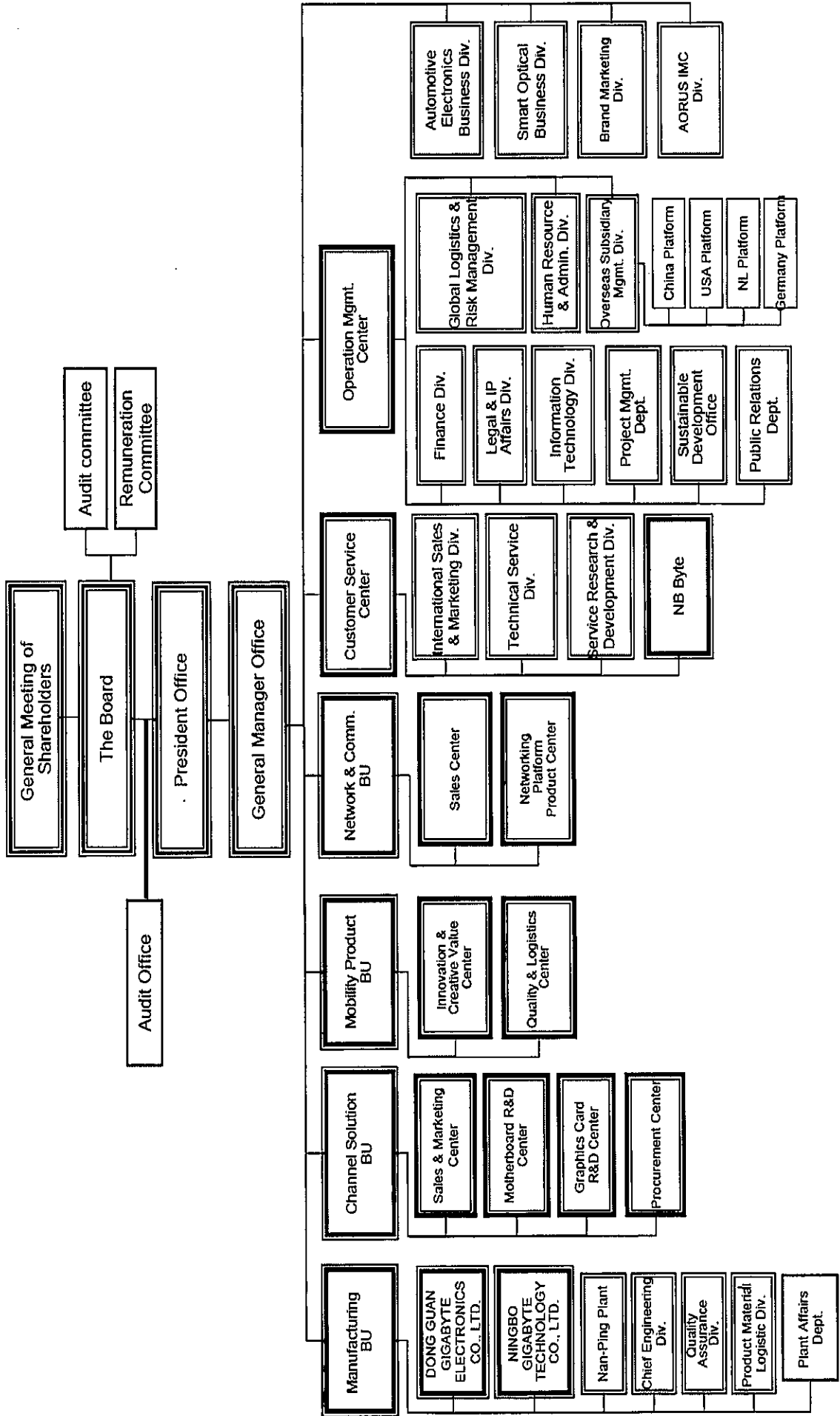
April 2014	Gigabyte's BRIX super-micro PC system won the Silver Medal at the 22nd Taiwan Excellence Awards.
August 2014	Gigabyte won the New Star Award in the large-scale enterprise category in the 2014 <i>CommonWealth Magazine</i> "Corporate Citizenship Awards".
October 2014	Gigabyte won the Taoyuan County Government "8th Taoyuan Excellent Enterprise Award" and "2014 Excellent Employer Award".
November 2014	Gigabyte won the "Taiwan CSR Report Awards - Bronze Medal, Large Enterprises, Electronics Industry II" and "TCSA Climate Leadership Award".
December 2014	The "AORUS X3 Plus" 13" e-sports notebook and "GA-Z97X-Gaming G1 Multimedia Motherboard" were recognized at the 23rd Taiwan Excellence Awards.
March 2014	"AORUS Thunder K7 and M7" received the 2015 Red Dot Design Award in Germany
May 2015	Top 30 <sup>th</sup> enterprise and top 7 <sup>th</sup> enterprise in technology and traditional industries according to the CSR Survey by <i>Global View Magazine</i> .
June 2015	Excellence in the private sector category of the National Environmental Education Awards.
June 2015	"AORUS X5" won the COMPUTEX BC Award and D&I Award
December 2015	Perfect Score! 100% winning rate at the "Taiwan Excellence Awards".
January 2016	"AORUS X5 15-inch Gaming Laptop" and "AORUS X7 D.T. 17-inch Gaming Laptop" won the CES Innovation Award.
May 2016	Ranked Taiwan's top 40 <sup>th</sup> enterprise and top 16 <sup>th</sup> enterprise in the electronics industry in the CSR Survey by <i>Global View Magazine</i> .
December 2016	The AERO 14 and AROUS X7 DT gaming notebooks won the 25th Taiwan Excellence Awards. Total strike, perfect performance!
May 2017	The BRIX VR won the 2017 COMPUTEX d&i Award.
May 2017	Ranked Taiwan's top 40th enterprise in the Model Enterprise in the electronics industry according to the CSR Survey by <i>Global View Magazine</i> .
November 2017	"AORUS X9 Gaming Laptop" wins the CES 2018 CES Innovation Award.
December 2017	"X299 AORUS Gaming 9 Top Gaming Motherboard" wins the 26th Taiwan Excellence Silver Award.
December 2017	The company wins the 10th Taiwan Corporate Sustainability Awards (TCSA) Recognizing "Taiwan Top 50 Corporate Sustainability Prize", "Climate Leadership Awards" and the "Gold Award from the Taiwan TOP50 Corporate Sustainability Report Awards".
February 2018	AORUS X7 Packaging featuring recycle fiber of plant and Environmental protection wins iF World Design Award 2018.
November 2018	The company wins the 11th Taiwan Corporate Sustainability Awards (TCSA) Recognizing "Taiwan Top 50 Corporate Sustainability Prize", "Climate Leadership Awards" and the "Gold Award from the Taiwan TOP50 Corporate Sustainability Report Awards".



March 2019	"Z390 AORUS XTREME WATERFORCE Motherboard" wins the 2019 Red Dot Design Award.
April 2019	"X399 AORUS XTREME Top Gaming Motherboard " wins the 27th Taiwan Excellence Award.
May 2019	AORUS AD27QD won Computex 2019 Innovative Design Award and was rated as the Best Design in the Best Choice (BC) Award.
May 2019	AERO 15 won the Best Notebook of the Year Award in the European Hardware Association Awards 2019.
October 2019	The notebook of AERO creator won the Taiwan Excellence Awards.
November 2019	Z390 AORUS XTREME WATERFORCE All-In-One Gaming Motherboard won the Silver Award of the 28th Taiwan Excellence Awards.
February 2020	X570 AORUS XTREME Motherboard won the 2020 iF Design Award.
February 2020	AORUS CV27Q Tactical Gaming Monitor won the 2020 iF Product Design Award.

# Three Corporate Governance Report

I. The Organization System  
(1) Organization chart



**(2) Major functional departments:**

Office of the President	Coordinate the operation and management of the Company, map out and implement the objectives for corporate development and business plans.
General Manager Office	Develop the company's managerial strategies, set operating targets, monitor and evaluate the implementation and performance of operating targets.
Auditing Office	Investigate and evaluate the viability, reasonability and effectiveness of the Company control systems.
Operations Management Center	Coordinate the functions of finance, accounting, share registration, budgeting, general affairs, legal affairs and the maintenance of computer system, software and hardware.
Operations Management Center-Sustainable Development Office	An office for corporate social responsibility (CSR) strengthens the green supply chain management (GSCM), assists the business unit with the development of low-carbon technology for the dedication of developing low carbon products, thus promoting sustainable development in accordance with high ethical standards and norms.
Manufacturing BU	Responsible for the production and manufacturing of computer mainboards, graphic cards and Internet products, and the assembly of PC systems.
Channel Solution BU	Responsible for design and R&D and sales of motherboard, multimedia products and video adapter.
Network & Comm. BU	BU Responsible for design and R&D and sales of Network and Communication products and ODM products.
Mobility Product BU	Responsible for design and R&D of notebook products.
Customer Service Center	Responsible for nationwide and worldwide after-sales support and service for all products.
Automotive Electronics Business Division	Responsible for automated driving assistance and fleet management systems design and development of high value-added safety assisted driving kits and car networking products.
Smart Optical Business Division	Responsible for the design, development, and marketing of new technologically integrated products for photoelectric systems, for the development of projects of ODM clients, and for the provision of technical services for photoelectric-related applications within the group.

II. Profiles of directors, supervisors, the president, vice president, managers, heads of departments and branches  
(1) Profiles of directors (1)

April 14, 2020

Title (Note 1)	Nationality/ Registration	Name	Gender	Elected date (Note 2)	Tenure	Initial date of office	Shareholdings at the time of elected office		Current shareholdings		Representative Current shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company or in other companies	Spouse or relative at the 2 <sup>nd</sup> level under the Civil Law who is also an executive, director, or supervisor of the Company		Remark (5)	
							Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name		Title
Chairman	Republic of China	Yeh, Pèi-Chen	Male	June 11, 2018	3 years	April 30, 1986	30,151,237	4.74%	30,151,237	4.74%	-	-	5,821,063	0.92%	-	-	College graduate; Ming Hsin Engineering College	President of Gigabyte Chairman of Chi-Ga Investment Communications Inc. Director Representative of G-Style Management Group Ltd. Chairman of Giga-Trend International Investment Group Ltd. Chairman of PC Union Director of Walsin Technology Corporation Director Representative of BYTE International Co., Ltd. Director of Albatron technology Co., Ltd. Director of Chun electronics co., Ltd. Director Representative of Shun on Electronic Co., Limited	-	-	-	Note!
Vice chairman	Republic of China	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiang	Male	June 11, 2018	3 years	April 12, 2006	14,062,200	2.21%	14,062,200	2.21%	41,168,918	6.48%	3,823,579	0.60%	-	-	EMBA, College graduate; National Cheng Chi University	Senior VP of Gigabyte Investment Director Representative of Chi-Ga Investment Director Representative of Giga-Byte Communications Inc. Director Representative of G-Style Management Group Ltd. Director of Info-Tek Corporation Director Representative of Giga-Trend International Investment Group Ltd. Director Representative of Hui Yang Venture Capital Co., Ltd. Supervisor Representative of BYTE International Co., Ltd. Director Representative of JM Material Technology, Inc. Supervisor Representative of Senyun Precision Optical Co., Ltd Director Representative of QSan Technology, Inc. Director Representative of Yuncheng Ltd.	-	-	-	-

Title (Note 1)	Nationality/ Registration	Name	Gender	Elected date (Note 2)	Tenure	Initial date of office	Shareholdings at the time of elected office		Current shareholdings		Representative Current shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company or in other companies	Spouse or relative at the 2 <sup>nd</sup> level under the Civil Law who is also an executive, director, or supervisor of the Company		Remark (s)	
							Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name		Relationship
Director	Republic of China	Shi Jia Investment Co., Ltd. Representative: Ma, Mou-Ming	Male	June 11, 2018	3 years	April 12, 2006	3,959,725	0.62%	3,959,725	0.62%	23,673,383	3.72%	470,914	0.07%	-	-	University graduate; Electronic & Computer Engineering, National Taiwan University of Technology	Senior VP of Gigabyte Director Representative of Chi-Ga Investment Director Representative of Giga-Byte Communications Inc. Chairman of G-Style Director of Giga-Trend International Investment Group Ltd.	-	-	-	-
Director	Republic of China	Yue-yei Kai Fa Investment Limited. Representative: Tseng, Chun-Ming	Male	June 11, 2018	3 years	June 16, 2009	2,192,200	0.34%	2,192,200	0.34%	4,060,647	0.64%	288,846	0.05%	-	-	College graduate; Ming Hsin Engineering College	Senior VP of Gigabyte Director Representative of Giga-Byte Communications Inc. Chairman, Intelligence Precision Co., Ltd.	-	-	-	-
Director	Republic of China	Shi Da Investment Limited Representative: Ko, Cong-Yuan	Male	June 11, 2018	3 years	June 18, 2012	9,453,000	1.49%	9,408,000	1.48%	-	-	45,000	0.01%	-	-	Master of Engineering Management, Tsinghua University	President of Albatron technology Co., Ltd.	-	-	-	-
Director	Republic of China	Xi Wei Investment Co., Ltd. Representative: Li, E-Tay	Male	June 11, 2018	3 years	June 11, 2018	9,063,075	1.43%	9,063,075	1.48%	6,062	0.00%	-	-	-	-	California State University (CSU), Chico Master of Computer Engineering	Group General Manager of Gigabyte Chairman of Gigapac Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Wang, Hwei-Min	Male	June 11, 2018	3 years	June 11, 2018	-	-	-	-	-	-	-	-	-	-	Chung Hua University Master of Industrial Management	Chairman, Moores Rowland CPAs Moores Rowland International, Taiwan Head Supervisor of Phison Electronics Corp.	-	-	-	-
Independent Director	Republic of China	Chan, Ye-Hung	Male	June 11, 2018	3 years	June 17, 2015	-	-	-	-	-	1,102	0.00%	-	-	-	California State University, Fullerton EMBA, National Chengchi University	Chairman, Taison Enterprise Co., Ltd. Supervisor, INFO-TEK Corporation	-	-	-	-
Independent Director	Republic of China	Huang, Wen-lai	Male	June 11, 2018	2 years	June 15, 2016	-	-	-	-	-	-	-	-	-	-	Department of Electronics, Ming Hsin Engineering College	Chairman, Pharmally International Holding Co., Ltd. Chairman, M Development Limited (SGX-N14), Singapore Chairman, Xiamen Shuang Group Co., Ltd. Chairman, Hong Kong Lyri Electronics Co., Ltd.	-	-	-	-

Note 1: Where the company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company);

The Company's Chairman is also the President and oversees the company's operation strategies and sets the objectives for corporate development and business plans. To strengthen the supervision and functionality of the Board of Directors, the Chairman effectively communicates the company's business plans to each director. The Company is also planning to increase the number of independent director seats to improve the supervision and functionality of the Board of Directors. Presently, the Company arranges for each director to participate in professional courses every year to improve the effectiveness of board operations. Independent directors in each functional committee can fully discuss and provide recommendations to the Board of Directors to implement corporate governance.

## The Major Shareholder of Institutional Shareholders

April 14, 2020

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

## Profiles of Directors (2)

April 14, 2020

Name (Note 1)	Qualification	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Status of independence (Note 2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12		
Yeh, Pei-Chen				✓					✓	✓	✓		✓	✓	✓	✓	✓	
Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung				✓														
Shi Jia Investment Co., Ltd. Representative: Ma, Mou-Ming				✓														
Yuei Yei Development Investment Ltd. Representative: Tseng, Chun-Ming				✓														
Shi Da Investment Limited Representative: Ko, Cong-Yuan				✓														
Xi Wei Investment Co., Ltd. Representative: LI, E-Tay				✓														
Wang, Hwei-Min		✓		✓														
Chan, Yi-Hung				✓														
Huang, Wen-lai				✓														

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

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

- Not an employee of the Company or its affiliates.
- Not a director or supervisor of the company or any of its affiliates (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to this act or local regulations).
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- Not a manager listed in (1) or a spouse, second degree kin or closer, or a direct blood relative of third degree or closer to anyone listed in (2) and (3).
- Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings or of a corporate shareholder that appoints a representative, as provided in Paragraphs 1 or 2, Article 27 of the Company Act, to act as a director or supervisor of the company (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to this act or local regulations).
- Not a director, supervisor, or employee of other companies controlled by the same person with more than half of the company's director seat or voting shares (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to the this act or local regulations).
- Not a director, supervisor, or employee of another company or institution of the same person or spouse who is the company's chairman, president, or persons with equivalent position (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to this act or local regulations).
- Not a director, supervisor, manager or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (the same does not apply, however, in cases where the specified company or institution hold 20% or more but less than 50% of the company's shares and the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to this act or local regulations).
- Not a professional who provides auditing service or provides commercial, legal, financial, accounting services or consultation, for which a cumulative compensation of less than NT\$500,000 is obtained in the past two years, to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or institution that provides such services to the Company or its affiliates; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- Not under any of the categories stated in Article 30 of the Company Act.
- Not being elected as representative to the government or an institution under Article 27 of the Company Act.

## (II) Profiles of the managers

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2 <sup>nd</sup> level under the Civil Law			Remark(s)
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name	Relationship	
President of Gigabyte	Republic of China	Yeh, Pei-Chen	Male	Mar. 15, 1986	30,151,237	4.74%	5,821,063	0.92%	-	-	College graduate, engineer at ITRI	Chairman, Chi-Ga Investment Communications Inc. Chairman, Giga-Byte Communications Inc. Director Representative, G-Style Director Representative, Giga-Trend International Management Group Ltd. Chairman, Giga-Trend International Investment Group Ltd. Chairman, PG Union Director of Walsin Technology Corporation Director Representative of BYTE International Co., Ltd. Director of Albatron technology CO., LTD. Director of Chun electronics co., LTD. Director Representative of Shun on Electronic Co., Limited Director Representative, Chi-Ga Investment Communications Inc. Director Representative, Giga-Byte Communications Inc. Chairman, Giga-Trend International Management Group Ltd. Director of Info-Tek Corporation Director Representative, Giga-Trend International Investment Group Ltd. Director Representative, Hui Yang Venture Capital Co., Ltd. Supervisor representative, BYTE International Co., Ltd. Director Representative, JM Material Technology, Inc. Supervisor representative, Senyun Precise Optical Co., Ltd. Director Representative of QSan Technology, Inc. Director Representative of Yuncheng Ltd.	-	-	Note1	
Senior VP of Gigabyte	Republic of China	Liu, Ming-Hsiun	Male	Mar. 15, 1986	41,168,918	6.48%	3,822,579	0.60%	-	-	EMBA, College graduate, engineer G-COLOR ENTERPRISE CO., LTD.	Director Representative, Chi-Ga Investment Communications Inc. Director Representative, Giga-Byte Communications Inc. Chairman, Giga-Trend International Management Group Ltd. Director of Info-Tek Corporation Director Representative, Giga-Trend International Investment Group Ltd. Director Representative, Hui Yang Venture Capital Co., Ltd. Supervisor representative, BYTE International Co., Ltd. Director Representative, JM Material Technology, Inc. Supervisor representative, Senyun Precise Optical Co., Ltd. Director Representative of QSan Technology, Inc. Director Representative of Yuncheng Ltd.	-	-	-	
Senior VP of Gigabyte	Republic of China	Ma, Mou-Ming	Male	Mar. 26, 1988	23,673,383	3.72%	470,914	0.07%	-	-	Electronic & Computer Engineering, National Taiwan University of Technology, engineer at Acer Systems	Director Representative, Chi-Ga Investment Communications Inc. Director of G-Style Director Representative, Giga-Trend International Investment Group Ltd.	-	-	-	

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2 <sup>nd</sup> level under the Civil Law			Remark(s)
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name	Relationship	
Manufacturing Business Unit Senior VP	Republic of China	Tseng, Chun-Ming	Male	Jun. 1, 1993	4,060,647	0.64%	288,846	0.05%	-	-	College graduate, General Manager at Jpohn	Director Representative of Giga-Byte Communications Inc. Chairman, Intelligence Precision Co., Ltd.	-	-	-	-
Group General Manger	Republic of China	Li, E-Tay	Male	Apr. 24, 2000	6,062	0.00%	-	-	-	-	California State University (CSU), Chico Master of Computer Engineering. Engineer at Intel, Manager at Siemens, Engineer at Texas Instruments	Chairman of Gigaipc Co., Ltd.	-	-	-	-
General Manager, Manufacturing BU	Republic of China	Meng, Hsian-Ming	Male	Oct. 2, 2000	1,797	0.00%	-	-	-	-	PhD, VP at D-Link Q-Run Corp. Director CTX USA Director	-	-	-	-	-
Channel Solution Business Unit Senior Special Assistant	Republic of China	Hong, Wen-Chi	Male	Jun. 16, 1999	-	-	-	-	-	-	University graduate, SHIN TAI INDUSTRY CO., LTD. Manager, First International Computer	-	-	-	-	-
C.F.O., Finance and Accounting Division, Operations Management Center	Republic of China	Chen, Chun-Ying	Female	Apr. 6, 1994	191	0.00%	41,742	0.01%	-	-	University of South Australia MBA Senior Accountant, Chao Da Communications Technology Section Manager, SUPERWAVE ELECTRONIC CO., LTD.	Supervisor Representative, Giga-Byte Communications Inc. Supervisor Representative, G-Style Supervisor, Giga-Trend International Management Group Ltd. Supervisor Representative, Giga-Trend International Investment Group Ltd. Supervisor Representative, Senyun Precise Optical Co., Ltd. Supervisor Representative, Yuncheng Ltd.	-	-	-	-
Operations Management Center Overseas Subsidiary Management Division. Vice General Manager of the US Platform	Republic of China	Lu, Zheng-Wei	Male	Jun. 1, 1990	-	-	-	-	-	-	Northrop University MBA	-	-	-	-	-
C.O.O., Operation Management Center	Republic of China	Bai, Guang-Hua	Male	Apr. 1, 2005	-	-	-	-	-	-	Master degree Supervisor, Huaxia Technology Consulting AVP, A-TREND TECHNOLOGY CO., LTD	Director Representative, Senyun Precise Optical Co., Ltd. Director Representative, Yuncheng Ltd. Director Representative, Intelligence Precision Co., Ltd. Director Representative of Gigaipc Co., Ltd.	-	-	-	-
Brand Marketing Division V.P. & Special Assistant to President	Republic of China	Chen, Jing-Ting	Female	Jun. 12, 2000	5,071	0.00%	-	-	-	-	Simon Fraser University Advanced Interpreter Program Benchmark Corp. Evergrace & Bently Intel	-	-	-	-	-



Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2 <sup>nd</sup> level under the Civil Law			Remark(s)
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name	Relationship	
Network & Comm. BU, AVP	Republic of China	Chen, Zhang-Xian	Male	Jun. 16, 1999	-	-	-	-	-	-	College graduate Manager, First International Computer MIRCO STAR INTERNATIONAL	Director Representative of Gigaipc Co., Ltd.	-	-	-	-
President's office, manager special assistant	Republic of China	Chen, Shi-Cheng	Male	Nov. 27 2000	-	-	-	-	-	-	Syracuse University computer engineer Engineer at BenQ Engineer at Motorola	Director Representative of Intelligence Precision Co., Ltd.	-	-	-	-
Network and Communications Business Group, Chief Technology Officer	Republic of China	Hou, Chih-Jen	Male	Apr. 14, 2000	87,291	0.01%	-	-	-	-	EECS - Northwestern University Senior Manager, Acer	-	-	-	-	-
Channel Solution Business Unit M/B Research & Development Center, Vice General Manager	Republic of China	Chen, Chen-Shun	Male	Sep. 1, 2000	-	-	-	-	-	-	University graduate Engineer, Nan Ya Technology Asst VP Phoenix Technologies Ltd.	-	-	-	-	-
Channel Solution Business Unit Sales and Marketing Center, America & Asia Platform, Senior AVP	Republic of China	Liao, Chi-Li	Male	Oct. 1, 1998	-	-	784	0.00%	-	-	Master degree ASUSTEK COMPUTER INC.	-	-	-	-	-
Channel Solution Business Unit Sales and Marketing Center, Europe Platform, Senior AVP	Republic of China	Hsiao, Wen-Ta	Male	Feb. 11, 1998	100,714	0.02%	-	-	-	-	University graduate D-LINK CORPORATION	-	-	-	-	-
Channel Solution Business Unit, Sales and Marketing Center, Motherboard Development Division, Senior AVP	Republic of China	Liu, Wen-Chung	Male	Apr. 1, 1999	-	-	-	-	-	-	University graduate First International Computer, Inc	-	-	-	-	-
Channel Solution Business Unit, M/B Research & Development Center, software office, AVP	Republic of China	Deng, Yi-Ming	Male	Mar. 11, 1997	-	-	-	-	-	-	University graduate First International Computer Co., Ltd. BIOS section manager	-	-	-	-	-
Channel Solution Business Unit, M/B Research & Development Center, Firmware Division II, Senior AVP	Republic of China	Tseng, Wei-Wen	Male	Sep. 1, 2003	-	-	-	-	-	-	University graduate Phoenix Tech, Senior AVP VIA TECHNOLOGIES, INC.	-	-	-	-	-
Channel Solution Business Unit, M/B Research & Development Center, AVP	Republic of China	Liao, Che-Hsien	Male	Jun. 16, 1997	4,000	0.00%	-	-	-	-	Master degree	-	-	-	-	-

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2 <sup>nd</sup> level under the Civil Law			Remark(s)
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name	Relationship	
Mobility Product BU V.P.	Republic of China	Lan, Jun Kun	Male	Nov 13, 2000	-	-	-	-	-	-	Master degree Manager at Intel	-	-	-	-	-
Network & Commn. BU Product Center, AVP	Republic of China	Chen, Yun Di	Male	May 2, 2000	90,115	0.01%	-	-	-	-	Master degree Manager at Siemens GTE	-	-	-	-	-
AVP, Overseas Manufacturing Dongguan Gigabyte Ningbo Gigabyte	Republic of China	Ko, Wei-Di	Male	Jun. 26, 2000	-	-	-	-	-	-	EMBA Yuan Ze University Special assistant to the Vice President/Section manager at Gold Circuit Electronics Manager at Unimicron	-	-	-	-	-
General Counsel, Legal and IP Affairs Division, Operation Management Center	Republic of China	Chiu, Chih Peng	Male	Jan. 2, 2014	-	-	-	-	-	-	People's University China, Civil and Business Law (Doctor) Attorney at Law, Lin & Associates, Maritime Law Office AVP, Info-Tek Corporation	-	-	-	-	-
AVP, Chief Engineering Division, Manufacturing Business Unit	Republic of China	Sun, Wu Hsiung	Male	Aug. 28, 2000	10,026	0.00%	-	-	-	-	Department of electronics, Yunlin Institute of Technology Vice manager of engineering technology at Chih Fu Corp.	-	-	-	-	-
Vice General Manager, Channel Solution Business Unit, Gaming Products Research & Design Center	Republic of China	Huang, Shun Chih	Male	Nov 20, 2003	-	-	-	-	-	-	Department of Electronics Engineering, Taiwan Institute of Technology Engineer at First International Computer Manager at Shengchuan Technology Manager at Universal Scientific Industrial	-	-	-	-	-
Vice General Manager, Channel Solution Business Unit	Republic of China	Lin, Ying Yu	Male	Nov 3, 2003	23,000	0.00%	-	-	-	-	MBA, National Chung Hsing University Vice manager at TUL Corporation Vice manager at Elitegroup Computer Systems	-	-	-	-	-
AVP, Customer Service Center	Republic of China	Lin, Chii-ching	Male	Jun 18, 1991	1,689	0.00%	-	-	-	-	Department of Electronics, Van Nung Institute of Industry Repair Technician, Lily Electronics Technology Ltd. Repair Engineer, Zenith Electronics	Chairman of BYTE International Co., Ltd.	-	-	-	-
Senior AVP, Automotive Electronics Business Division	Republic of China	Gu, Rui-Lin	Male	June 29, 2018	252	0.00%	-	-	-	-	National Taiwan University, Department of Electrical Engineering GM, ETOP Electronics Inc. Sales Manager, Intel Microelectronics Asia LLC	-	-	-	-	-

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2 <sup>nd</sup> level under the Civil Law			Remark(s)
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name	Relationship	
Vice General Manager, Mobility Product BU	Republic of China	Chen, Jun-Cheng	Male	Jan. 7, 2019	-	-	-	-	-	-	Concordia University International Business AVP of MICRO-STAR International Co., Ltd.	-	-	-	-	-
AVP, Information Technology Division, Operation Management Center & Spokesman, Public Relationship Department	Republic of China	Sun, Guo-Ren	Male	Jul. 26, 2019	-	-	-	-	-	-	Pennsylvania Widener U. Computer & Telecommunication @Network Inc IT Manager	-	-	-	-	-

Note 1: Where the company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company):

The Company's Chairman is also the President and oversees the company's operation strategies and sets the objectives for corporate development and business plans. To strengthen the supervision and functionality of the Board of Directors, the Chairman effectively communicates the company's business plans to each director. The Company is also planning to increase the number of independent director seats to improve the supervision and functionality of the Board of Directors. Presently, the Company arranges for each director to participate in professional courses every year to improve the effectiveness of board operations. Independent directors in each functional committee can fully discuss and provide recommendations to the Board of Directors to implement corporate governance.

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

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

December 31, 2019; Unit: NTD1,000/1,000 shares

Title	Name	Director						The director may also be an employee				Related remuneration from investees other than the subsidiaries or from the parent company (*11)				
		Remuneration (A) (*2)	Pensions (B)	Remuneration to directors (C) (*3)	Expenses incurred for business purposes (D) (*4)	Ratio of the total ABCD to the net earnings after tax (*10)	Salaries, awards and special subsidies etc. (E) (*5)	Pensions (F)	Bonus to employees (G) (*6)	Ratio of the total ABCDEFG to the net earnings after tax (*10)						
Director	Chairman	Yeh, Pei-Chen														
	Corporate representative, Ming Wei Investment Co., Ltd.	Liu, Ming-Hsiung														
	Corporate representative, Shih Chia Investment Co., Ltd.	Ma, Mou-Ming														
	Corporate representative, Yue Yeh Investment Co., Ltd.	Tseng, Chun-Ming														
	Corporate representative, Shih Da Investment Co., Ltd.	Ko, Cong-Yuan	0	0	46,000	3,066	2.53%	87,682	152	34,000	0	8.81%			None	
	Corporate representative, Xi Wei Investment Co., Ltd.	Li, E-Tay	0	0	46,000	3,066	2.53%	87,682	152	34,000	0	8.81%				
	Independent Director	Wang, Hwei-Min														
	Independent Director	Chan, Yi-Hung														
	Independent Director	Huang, Wen-lai														

1. Please describe the policy, system, standard and structures of remuneration payment for independent directors, and their association with the amount of remuneration payment according to their responsibilities, risks, and the time spent by independent directors, among other factors.  
 The Company pays remuneration to directors in accordance with the Articles of Incorporation; Transportation and meeting attendance allowances for independent directors are determined by the Board of Directors with reference to industry standards.  
 2. In addition to the information disclosed in the above table, remuneration to directors for offering services (e.g. non-staff consultants) to all companies mentioned in the financial statement: None.

Tiers of Remuneration

Scale of remuneration to Giga-Byte's directors	Number of directors			Sum of the First Seven Types of Remuneration(A+B+C+D+E+F+G) All firms covered I the consolidated financial statements (*9) I
	Sum of the First Four Types of Remuneration (A+B+C+D)		Giga-Byte (*8)	
	Our Company (Note 8)	All Companies in the Financial Statements (Note 9) H		
Below NTD1,000,000				
NTD1,000,000~2,000,000	Wang, Hwei-Min; Chan, Yi-Hung; Huang, Wen-lai	Wang, Hwei-Min; Chan, Yi-Hung; Huang, Wen-lai	Wang, Hwei-Min; Chan, Yi-Hung; Huang, Wen-lai	Wang, Hwei-Min; Chan, Yi-Hung; Huang, Wen-lai
NTD2,000,000~3,500,000	Ko, Cong-Yuan; Li, E-Tay	Ko, Cong-Yuan; Li, E-Tay	Ko, Cong-Yuan	Ko, Cong-Yuan
NTD3,500,000~5,000,000				
NTD5,000,000~10,000,000	Yeh, Pei-Chen, Liu, Ming-Hsiung, Ma Mou-Ming, Tseng, Chun-Ming	Yeh, Pei-Chen, Liu, Ming-Hsiung, Ma Mou-Ming, Tseng, Chun-Ming		
NTD10,000,000~15,000,000				
NTD15,000,000~30,000,000			Li, E-Tay	Li, E-Tay
NTD30,000,000~50,000,000			Yeh, Pei-Chen, Liu, Ming-Hsiung, Ma Mou-Ming, Tseng, Chun-Ming	Yeh, Pei-Chen, Liu, Ming-Hsiung, Ma Mou-Ming, Tseng, Chun-Ming
NTD50,000,000~100,000,000				
Over NTD100,000,000				
Total				

Note 1: Directors' names shall be presented separately (for corporate shareholders, the name of the corporate shareholder and its representative are presented separately) and distinguished between directors and independent directors, while the amount of payment is presented in aggregate sums.

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

- Note 3: The amount of remuneration to directors for the most recent year resolved by the Board.
- Note 4: This refers to the expenses incurred for business purposes by directors (including, traveling subsidy, special subsidy, all forms of subsidies, housing, company car and other subsidies in kind). It the Company provides housing, company car and other means of transportation or the spending is exclusive to a particular person, disclose the nature of the property and the cost, the actual rent or rent assessed with reference to fair market price, fuel subsidies and other payments. When drivers are assigned to directors, please specify the pay of such drivers. Such pay shall not be included in the remuneration to directors.
- Note 5: When a specific director may also be an employee (refers to the position of President, Vice President, manger or employee) the salaries, occupational subsidies, pensions, compensation on discharge, bonus, awards, traveling subsidy, special subsidies, different forms of subsidies, housing, company car and other means of transportation or the spending is exclusive to particular person, disclose the nature of the property and the cost, the actual rent or rent assessed with reference to fair market price, fuel subsidies and other payments. If a chauffeur is provided, specify the remuneration thereto but do not include as the remuneration to directors. In addition, the salary payment adopted under IFRS 2 "Share-based Payment" includes employee stock option certificates, restricted stock awards, and subscription of common stocks issued for cash. They shall be included in the compensation for employees.
- Note 6: Whenever directors are also employees (including serving as the president, vice president, other managers, and regular employees) and receive employee compensation (including stock and cash) in the most recent year, the Company must disclose the proposed amount of employee compensation approved by the Board resolution in the most recent year. If the compensation cannot be estimated, the Company calculates the proposed distribution balance this year based on the amount of actual distribution last year.
- Note 7: Disclose the total remuneration to all directors of the Company from all companies stated in the consolidated financial statement (including the Company).
- Note 8: The number of directors at each bracket of the remuneration scale. For remuneration to institutional directors, divide the remuneration by the number of representatives appointed. If the Company is willing to disclose the names of directors in all brackets on a list, Change the name of the field marked "number of directors" to "names of directors".
- Note 9: The number of directors at each bracket of the remuneration scale paid by companies included in the consolidated financial statements (including the Company). If the Company is willing to disclose the names of directors in all brackets on a list, Change the name of the field marked "number of directors" to "names of directors".
- Note 10: Net profit after tax refers to the net profit after tax in the most recent year. For entities that have adopted IFRSs, net profit after tax refers to the entity's or the individual financial statement's net profit after tax in the most recent year.
- Note 11: a. Explicitly state if the directors of the Company "have" or "have not" receive related remuneration from investees other than the subsidiaries or from the parent company.  
b. Where the Company's directors received relevant remuneration from ventures other than subsidiaries or from the parent company, the remuneration received by the Company's directors from ventures other than subsidiaries or from the parent company shall be included in the "I" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies."  
c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the director serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.
- \* The content of remuneration disclosed in this table may vary with the concept of remuneration as applied to Tax Code. As such, information contained in the table is only for disclosure and not intended for income tax purposes.

(2) Fees for the supervisors: Not applicable.

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

December 31, 2019 Unit: NTD 1,000/1,000 shares

Title	Name	Salary (A) (*2)		Pensions (B)		Award, special subsidy and other subsidy in kind (C) (*3)		Compensation for Employees (D) (*4)				Ratio of the total ABCD to the net earnings after tax (%) (*8)		Related remuneration from investees other than the subsidiaries or from the parent company (*9)
		All firms covered I the consolidated financial statements (*5)	Giga-Byte	All firms covered I the consolidated financial statements (*5)	Giga-Byte	All firms covered I the consolidated financial statements (*5)	Giga-Byte	All firms covered I the consolidated financial statements (*5)	Cash dividends	Stock dividends	All firms covered I the consolidated financial statements (*5)	Giga-Byte		
President	Yeh, Pei-Chen													
Senior VP	Lin, Ming-Hsiung													
Senior VP	Ma, Mou-Ming													
Senior VP	Tseng, Chun-Ming													
Senior VP and General Manager of BU (Note)	Lin, Huo-Yuan													
Group General Manager	Li, E-Tay													
General Manager of BU	Meng, Hsian-Ming													
Vice General Manager of the US Platform	Lu, Zheng-wei													
Vice General Manager and Special Assistant to Chairman of Center	Chen, Jin-Ting	46,429	46,429	1,315	1,315	232,729	232,729	69,000	0	69,000	0	18.02%	18.02%	None
Business Unit Vice President	Chen, Chen-Shun													
Business Unit Vice President	Lin, Ying Yu													
Business Unit Vice President	Huang, Shun Chih													
Business Unit Vice President	Chen, Jun-Cheng													
Business Unit Chief Technology Officer	Hou, Chih-Jen													
C.O.O.	Bai, Guang-Hua													
C.F.O.	Chen, Chun-Ying													
General Counsel	Chiu, Chih Peng													

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

Note : Huo-Yuan Lin, senior vice president and general manager of the business group, retired in September 2019.

Tiers of Remuneration

Scale of remuneration to Giga-Byte's General Managers and the Vice General Managers	Name of GM & Vice GM	
	Giga-Byte (*6)	All firms covered I the consolidated financial statements (*7) E
Below NTD1,000,000		
NTD 1,000,000~2,000,000		
NTD 2,000,000~3,500,000		
NTD 3,500,000~5,000,000	Lu, Zheng-Wei, Lin Huo-Yuan	Lin Huo-Yuan
NTD 5,000,000~10,000,000	Chen, Jin-Ting, Chen, Chun-Ying, Bai, Guang-Hua, Meng, Hsian-Ming, Hou, Chih-Jen, Chiu, Chih Peng	Chen, Jin-Ting, Chen, Chun-Ying, Bai, Guang-Hua, Meng, Hsian-Ming, Lu, Zheng-Wei, Hou, Chih-Jen, Chiu, Chih Peng
NTD 10,000,000~15,000,000	Chen, Chen-Shun	Chen, Chen-Shun
NTD 15,000,000~30,000,000	Ma, Mou-Ming, Chen, Jun-Cheng, Li, E-Tay, Liu Ming-Hsiun, Tseng, Chun-Ming,	Ma, Mou-Ming, Chen, Jun-Cheng, Li, E-Tay, Liu Ming-Hsiun, Tseng, Chun-Ming,
NTD 30,000,000~50,000,000	Yeh, Pei-Chen, ,	Yeh, Pei-Chen
NTD 50,000,000~100,000,000	Lin, Ying Yu, Huang, Shun Chih	Lin, Ying Yu, Huang, Shun Chih
Over NTD 100,000,000		
Total		

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

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

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



- Note 4: The Company must fill out the employee compensation (including stock and cash) proposed to be distributed to the GM and Vice GM that is approved by the Board in the most recent year before the shareholders' meeting. If this value cannot be estimated, the ratio of actual distribution from the last year is used for the calculation of proposed distribution this year.
- Note 5: Disclose the total remuneration to all GMs or Vice GMs of the Company from all companies stated in the consolidated financial statement (including the Company).
- Note 6: The number of GMs and Vice GMs at each bracket of the remuneration scale. For remuneration to institutional directors, divide the remuneration by the number of representatives appointed. If the Company is willing to disclose the names of GMs and Vice GMs in all brackets on a list, Change the name of the field marked "number of GMs and Vice GMs" to "names of GMs and Vice GMs".
- Note 7: The number of GMs and Vice GMs at each bracket of the remuneration scale paid by companies included in the consolidated financial statements (including the Company). If the Company is willing to disclose the names of GMs and Vice GMs in all brackets on a list, Change the name of the field marked "number of GMs and Vice GMs" to "names of GMs and Vice GMs".
- Note 8: Net profit after tax refers to the net profit after tax in the most recent year. For entities that have adopted IFRSs, net profit after tax refers to the entity's or the individual financial statement's net profit after tax in the most recent year.
- Note 9: a. Explicitly state if GMs and Vice GMs of the Company "have" or "have not" receive related remuneration from investees other than the subsidiaries or from the parent company.  
b. Where the Company's president and vice president received relevant remuneration from ventures other than subsidiaries or from the parent company, the remuneration received by the Company's president and vice president from ventures other than subsidiaries or from the parent company shall be included in the "E" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies."  
c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expense received by the president or vice president serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.
- Note 10: Huo-Yuan Lin, senior vice president and general manager of the business group, retired in September 2019.
- \* The content of remuneration disclosed in this table may vary with the concept of remuneration as applied to Tax Code. As such, information contained in the table is only for disclosure and not intended for income tax purposes.

## (4) Compensation for Managers

December 31, 2019; Unit: NTD1,000/1,000 shares

	Title (*1)	Name (*1)	Stock dividends	Cash dividends	TOTAL	Ratio of the total to the net earnings after tax(%)
Manager	President	Yeh, Pei-Chen	0	69,000	69,000	3.56%
	Senior VP	Liu, Ming-Hsiung				
	Senior VP	Ma, Mou-Ming				
	Senior VP	Tseng, Chun-Ming				
	Senior VP and General Manager of BU (Note2)	Lin, Huo-Yuan				
	Group General Manager	Li, E-Tay				
	General Manager of BU	Meng, Hsian-Ming				
	Vice General Manager of the US Platform	Lu, Zheng-Wei				
	Vice General Manager and Special Assistant to Chairman of Center	Chen, Jin-Ting				
	Business Unit Vice President	Chen, Chen-Shun				
	Business Unit Vice President	Lin, Ying Yu				
	Business Unit Vice President	Huang, Shun Chih				
	Business Unit Vice President	Chen, Jun-Cheng				
	Business Unit Chief Technology Officer	Hou, Chih-Jen				
	C.O.O.	Bai, Guang-Hua				
	C.F.O.	Chen, Chun-Ying				
General Counsel	Chiu, Chih Peng					

Note 1: This refers to the scheduled profit (including stock and cash) to be allocated to managers that was approved by the board meeting before surplus is allocated to the shareholders, if, however, the allocation cannot be estimated, the allocation should then be calculated based on last year's actual distribution percentage. The stock of TWSE and TPEX companies should be calculated based on the fair value regulated by the Guidelines Governing the Preparation of Financial Reports by Securities Issuers. The surplus of non-TWSE and TPEX companies is calculated based on the net value of the closing day of the current accounting period. Net profit after tax refers to the net profit after tax in the most recent year. For entities that have adopted IFRSs, net profit after tax refers to the entity's or the individual financial statement's net profit after tax in the most recent year.

The name and title of each individual manager should be disclosed respectively, while surplus can be disclosed in summary.

According to the Taiwan-Finance-Securities-III-0920001301 issued on March 27, 2003, the applicable scope of the managers is as follows:

- (1) General Manager and equivalent level;
- (2) Vice General Manager and equivalent level;
- (3) Director and equivalent level;
- (4) Financial supervisor;
- (5) Accounting supervisor;
- (6) Other managers and authorized personnel.

Note 2: Huo-Yuan Lin, senior vice president and general manager of the business group, retired in September 2019.

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

Title and Description	2018 the ratio taken by the gross total of remuneration paid by Giga-Byte and all firms covered in the consolidated financial statements to Giga-Byte's directors, president and vice presidents to the net earnings after tax		2019 the ratio taken by the gross total of remuneration paid by Giga-Byte and all firms covered in the consolidated financial statements to Giga-Byte's directors, president and vice presidents to the net earnings after tax	
	Giga-Byte	All firms covered the consolidated financial statements	Giga-Byte	All firms covered the consolidated financial statements
Directors	17.47%	17.47%	20.55%	20.55%
GM & Vice GM				

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

### III. Corporate Governance

#### (I) The operation of BOD

In 2019, BOD held 7 meeting (A), the attendance of the directors is as follows.

Title	Name(Note 1)	Actual attending B	Authorized attending	Ratio of actual attending (%) [B/A] (Note 2)	Remark
Chairman	Yeh, Pei-Chen	7	0	100%	Successive June 11, 2018 Re-election
Vice Chairman	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung	7	0	100%	Successive June 11, 2018 Re-election
Director	Shi Jia Investment Co., Ltd. Representative: Ma, Mou-Ming	7	0	100%	Successive June 11, 2018 Re-election
Director	Yuei-yei Kai Fa Investment Ltd. Representative: Tseng, Chun-Ming	7	0	100%	Successive June 11, 2018 Re-election
Director	Shi Da Investment Limited Representative: Ko, Cong-Yuan	6	1	85.71%	Successive June 11, 2018 Re-election
Director	Xi Wei Investment Co., Ltd. Representative: Li, E-Tay	7	0	100%	New June 11, 2018 Re-election
Independent Director	Wang, Hwei-Min	7	0	100%	New June 11, 2018 Re-election
Independent Director	Chan, Yi-Hung	6	1	85.71%	Successive June 11, 2018 Re-election
Independent Director	Huang, Wen-lai	3	4	42.86%	Successive June 11, 2018 Re-election
<p>Important notice</p> <p>I. When BOD is under any one of the following circumstances, the date, session, and proposal of board meeting; the opinion of independent directors; and the BOD's response to such opinions shall be specified:</p> <p>(I)Matters specified in Article 14-3 of the Securities and Exchange Act</p>					

Date of Meeting (Session)	Proposal and Resolutions	Matters Specified in Article 14-3 of the Securities and Exchange Act	Opinions or Objections of Independent Directors
January 15th, 2019 (The 5nd session of 12th)	•Approval of 2019 annual accountant entrust and remuneration proposal.	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: The resolution is approved by all of the directors present at the meeting.		
March 15th, 2019 (The 6nd session of 12th)	•Approval of 2018 Employee and director remuneration distribution proposal. •Amendment of the company's "Asset Acquisition and Disposal Operating and Handling Procedure" •Amendment of the company's "Financial Derivatives Transactions Operating Procedures" •Amendment of the company's "Loaning of Company Funds Operating Procedures" •Amendment of the company's "Endorsement and Guarantee Operating Procedure"	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: The first proposal was unanimously approved without objection by attending directors, except for directors who recused themselves due to a conflict of interest and have explained the contents in which they have an interest in the meeting and did not attend discussion and voting in person or on behalf of another member. The second to fifth proposals were passed by all attending directors as proposed.		
May 15th, 2019 (The 8nd session of 12th)	•Approval of evaluation and suggestions to 2018 distribution of remuneration to directors	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: Due to the avoidance of interest relations, the directors have explained the important contents regarding their interest relations; also, they didn't attend or authorize any personnel to attend the discussion and voting. All the other directors present at the meeting approved the matter without any disagreement.		
November 14th, 2019 (The 11nd session of 12th)	•Independence evaluation of CPAs of the Company	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: The resolution is approved by all of the directors present at the meeting.		

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

II. Status of directors' avoidance of conflicts of interest in relevant proposals:

(1) The discussion focused on the distribution of remuneration to directors on March 15th, 2019 and May 15th, 2019. The relevant directors should not be involved in the discussion and voting of the matter regarding remuneration to director respectively.

(2) Salary of managers (annual salary adjustment): The salary of managers proposed by the Board of Directors on March 15, 2019 involves the salary of individual director's representative who is also a manager. Those directors involved do not participate in discussion and voting.

- (3) Appointment of Remuneration Committee member: The appointment of Remuneration Committee member proposed by the Board of Directors on June 12, 2019 involves the remuneration of individual director. Those directors involved do not participate in discussion and voting.
- (4) Appointment of new president: The appointment of new president proposed by the Board of Directors on November 14, 2019 involves individual director's representative who is also a president. Those directors involved do not participate in discussion and voting.
- III. Listed and over-the-counter companies shall disclose the evaluation cycle and periods, scope, method, and content of evaluation and other information relevant to the self (or peer) evaluation of board of directors : Please see Note 3.
- IV. An evaluation on the goal of improving the functions of the Board in the current year and the most recent year (such as forming an audit committee and improving information transparency) and its implementation: See below
- (1) Targets for improving the competency of the Board of Directors
- a. The BOD of this Company formed the Audit Committee on June 17, 2015 to replace the duty of supervisors and the re-election of the 2<sup>nd</sup> Audit Committee on June 11 2018. The committee is formed by three independent directors and holds a committee meeting at least once a quarter. The major duties and functions of the Audit Committee are as follows:  
Audit the presentation adequacy of the Company's financial statements, selection (dismissal) and independency and performance of CPAs, the effectiveness of implementation of the Company's internal control, the Company's compliance with relevant laws and regulations and rules; and the Company's control of existing and potential risks.
- b. The BOD of this Company established the Remuneration Committee in December 2011 and re-elected members of the fourth term on June 11, 2018. Mr. Wang, Hwei-Min(independent Director) was reelected as the chairman of the Remuneration Committee of the fourth term. The major duties and functions the Remuneration Committee are as follows:
- \* Regularly evaluate and advise on the policy, system, standards and structure of the annual and long-term performance targets and remuneration of Gigabyte directors, supervisors and executives.
  - \* Evaluate and advise on the meeting of performance targets by Gigabyte directors, supervisors and executives as well as the content and amount of individual remuneration.
- c. The BOD of this Company established the "Internal Material Information Processing SOP" in October, 2011.
- (2) Evaluation of execution
- \* The Remuneration Committee is functioning well.
  - \* Gigabyte's disclosure of important information follows a principle of honesty and integrity. Disclosure has been accurate, timely and fair.

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

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

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

Note 2: Implementation status of the evaluation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Content of Evaluation
Implemented once every year	2020/02/01 ~ 2021/01/31	(1)Board of Directors (2)Individual directors	(1)Board internal self-assessment (2)Director self-assessment	(1)Degree of participation in the Company's operations; quality of board decisions; board composition and structure; selection of suitable board directors and continuing professional education; and internal control. (2)Alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; director's professionalism and continuing education;, internal control.

(II) The operation of the Audit Committee

1. The operation of Audit Committee..

In 2019, the Audit Committee held 6 committee meetings (A), and the attendance of independent directors is as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) [B/A] (note)	Remarks
Independent Director	Wang, Hwei-Min	6	0	100%	New June 11, 2018 Re-election
Independent Director	Chan, Yi-Hung	5	1	83.33%	New June 11, 2018 Re-election
Independent Director	Huang, Wen-lai	2	5	33.33%	New June 11, 2018 Re-election

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

Date of Meeting (Session)	Proposal and Resolutions	Matters Specified in Article 14-5 of the Securities and Exchange Act	Matters not approved by all the members of Audit Committee, but approved by 2/3 of directors
January 15th, 2019 (The 5nd session of 2th)	•Approval of 2019 annual accountant entrust and remuneration proposal.	V	None
	The Resolution of Audit Committee: Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		

March 15th, 2019 (The 6nd session of 2th)	<ul style="list-style-type: none"> <li>•Individual financial statements and consolidated financial statements of 2018.</li> <li>•2018 statement on the internal audit system.</li> <li>•Amendment of the company's "Asset Acquisition and Disposal Operating and Handling Procedure"</li> <li>•Amendment of the company's "Financial Derivatives Transactions Operating Procedures"</li> <li>•Amendment of the company's "Loaning of Company Funds Operating Procedures"</li> <li>•Amendment of the company's "Endorsement and Guarantee Operating Procedure"</li> <li>•Change of CPA who audits the Company's financial reports</li> </ul>	V	None
	The Resolution of Audit Committee: Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		
August 13th, 2019 (The 9nd session of 2th)	•2019 Q2 consolidated financial statements of the Company.	V	None
	The Resolution of Audit Committee: Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		
November 14th, 2018 (The 10nd session of 2th)	<ul style="list-style-type: none"> <li>•Independence evaluation of CPAs of the Company</li> <li>•Approval of 2020 Audit Plan</li> </ul>	V	None
	The Resolution of Audit Committee : Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		

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

- (2) Specify the name of independent directors, proposal content, reasons for the need of avoidance of conflicts of interest, and involvement in voting for implementation of the avoidance of conflicts of interest in independent directors: None.
- (3) Communication between independent directors and the internal chief auditor and accountant (shall include communication on the company's material financial and sales affairs, including the topics, methods, and results of communication):
  - 1) Apart from submitting the audit report to each independent director for review each month, the chief auditor will report material issues found in the audit to the BOD or board members.
  - 2) When auditing or reviewing quarterly consolidated statements (annual and including individual financial statements) of this Company at the planning and completing stages, CPAs consolidate information and communicate with the Audit Committee in writing or face to face according to SAS No. 39 "Communications with Those Charged with Governance" and Letter Tai-Cai-Zheng-Liu-Zi No. 0930105373 issued by the Securities and Futures Bureau dated March 11, 2004.

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

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



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

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

Indicator	Status		Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	
4. Does the listed company appoint a suitable number of designated personnel and supervisor to be in charge of corporate governance related affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, processing company registration and change of registration, and producing minutes of board meetings and shareholders' meetings)?	✓		At Gigabyte, personnel of the financial unit take charge of the organization's government affairs concurrently.  Conforms with the Corporate Governance Best-Practice Principles
5. Has the Company established channels for stakeholder (including but not limited to shareholders, employees, customers, and suppliers) communication, set up a stakeholder section in the corporate website, and responded appropriately to important CSR issues material to shareholders?	✓		Our Company has a spokesperson system in place for communication with shareholders. The Stakeholder section on the corporate website is expected to be completed by the end of 2015 to respond appropriately to important CSR issues material to stakeholders.  Conforms to the Corporate Governance Best-practice Principles
6. Has the Company appointed a transfer agency for organizing shareholder meetings?	✓		Our Company has appointed the "Transfer Agency Department of CTBC Securities" as the organizer of shareholder meetings.  Conforms to the Corporate Governance Best-practice Principles
7. Disclosed information (1) Has the Company set up a website to disclose its financial information and the status of corporate governance. (2) Are there other means for the Company on disclosure (such as English website, designated personnel to gather and disclose relevant information on the Company, effective implementation of the spokesperson system, and the online broadcast of institutional investor conferences)? (3) Does the company publicly disclose its annual financial report within two months after the end of the accounting year, and publicly disclose its Q1, Q2, and Q3 financial reports and monthly operation status ahead of the prescribed time limit?	✓		(1) Our corporate website: <a href="http://www.gigabyte.com/index.aspx">http://www.gigabyte.com/index.aspx</a> . (2) Our corporate website is available in Chinese and English. It provides timely disclosure of company information including company profile, investor relations, CSR, products, services and current events for shareholders and consumers. (3) Pursuant to regulations, the Company has disclosed monthly operation status ahead of the prescribed time limit and included priority for improvement in the schedule for announcing and reporting financial reports.  Conforms to the Corporate Governance Best-practice Principles

Indicator	Status		Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	
<p>8. Are there any other important information that will help with understanding corporate governance practices at the Company (including but not limited to employee rights, employee care, supplier relations, stakeholder rights, continuing education for directors and supervisors, the implementation of risk management policy and risk measurement measures, the implementation of customer policy, and the purchase of liability insurance for directors and supervisors)?</p>	✓	<p>(1) Employee benefits and employee care: Incentive schemes/ company facilities/company Organization and Services/Talent development</p> <p>(2) Investor relations: The Gigabyte website provides a disclosure platform that investors can access for financial information/ corporate governance / shareholder meeting/ shareholder services.</p> <p>(3) Supplier relations: Gigabyte received AEO certification as a quality enterprise in February, 2012. We have signed the Declaration of Supply Chain Safety with our suppliers and use external audits of suppliers to ensure conformity.</p> <p>(4) Stakeholder rights: Our Company has avoided conflicts of interest with stakeholders in accordance with the law.</p> <p>(5) Further education status of directors, accounting chiefs, and audit chiefs: These personnel have completed further education at the regulatory length. Please refer to the annex (Note) for details.</p> <p>(6) Risk management policy: Gigabyte has risk management policies in place for inventory, equipment, buildings and receivables. We are also insured against any potential losses.</p> <p>(7) Liability insurance for directors and supervisors: This Company buys liability insurance for all directors and supervisors by the Company.</p>	<p>Conforms to the Corporate Governance Best-practice Principles</p>
<p>9. Please specify the status of improvements and prioritized improvements with reference to the Corporate Governance Evaluation results announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the previous year. Completed improvements: The Company has disclosed the operation of its Remuneration Committee in the annual report. Prioritized improvements: Priority for improvement will be included in the schedule for announcing and reporting the annual report and the Q1, Q2, and Q3 financial reports.</p>			

Note1: The evaluation criteria of accountant independence

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

Note2: Status of further education of directors, accounting chiefs, and audit chiefs in 2019.

Title	Name	Date	Course	Hours
Chairman	Yeh, Pei-Chen	Aug 13, 2019	Countermeasures of Enterprises and Individuals in Response to the Implementation of the Economic Substance Laws and Global Anti-Tax Avoidance	3
		Nov 14, 2019	Realizing the Value of Business Mergers and Acquisitions: Discussion of Post-Merger Integration Issues and Establishment of Management Mechanism	3
Vice Chairman	Liu, Ming-Hsiung, Institutional Representative of Mingwei Investment Co., Ltd.	Aug 13, 2019	Countermeasures of Enterprises and Individuals in Response to the Implementation of the Economic Substance Laws and Global Anti-Tax Avoidance	3
		Nov 14, 2019	Realizing the Value of Business Mergers and Acquisitions: Discussion of Post-Merger Integration Issues and Establishment of Management Mechanism	3
Director	Ma, Mou-Ming Institutional Representative of Shih-Chia Investment Co., Ltd.	Aug 13, 2019	Countermeasures of Enterprises and Individuals in Response to the Implementation of the Economic Substance Laws and Global Anti-Tax Avoidance	3
		Nov 14, 2019	Realizing the Value of Business Mergers and Acquisitions: Discussion of Post-Merger Integration Issues and Establishment of Management Mechanism	3
Director	Iseng, Chün-Ming Institutional Representative of Yuci-yei Kai Fa Investment Ltd.	Aug 13, 2019	Countermeasures of Enterprises and Individuals in Response to the Implementation of the Economic Substance Laws and Global Anti-Tax Avoidance	3
		Nov 14, 2019	Realizing the Value of Business Mergers and Acquisitions: Discussion of Post-Merger Integration Issues and Establishment of Management Mechanism	3
Director	Ko, Cong-Yuan Institutional Representative of Shih Dah Investment Co., Ltd.	Nov 14, 2019	Realizing the Value of Business Mergers and Acquisitions: Discussion of Post-Merger Integration Issues and Establishment of Management Mechanism	3
		Dec 10, 2019	Company Strategy: Past, Present, and Future	3

Title	Name	Date	Course	Hours
Director	Li, E-Jay Institutional Representative of Xi Wei Investment Co., Ltd.	Aug 13, 2019	Countermeasures of Enterprises and Individuals in Response to the Implementation of the Economic Substance Laws and Global Anti-Tax Avoidance	3
		Nov 14, 2019	Realizing the Value of Business Mergers and Acquisitions: Discussion of Post-Merger Integration Issues and Establishment of Management Mechanism	3
Independent Director	Wang, Hwei-Min	Jan 23, 2019	Planning Risk-Oriented Audit: Materiality and Risk of Material Misstatement	3
		Aug 5, 2019	The Latest Tax Laws in the First Half of 2019 and Practical Analysis	7
		Aug 13, 2019	Countermeasures of Enterprises and Individuals in Response to the Implementation of the Economic Substance Laws and Global Anti-Tax Avoidance	3
Independent Director	Chan, Yi-Hung	Nov 22, 2019	Application of Internal Control System for Anti-Money Laundering and Counter Terrorism Financing of Accounting Firms	3
		Dec 3, 2019	Practices of Small and Medium Accounting Firms: Professional Ethics and Discipline	3
		May 16, 2019	Investigating the Flow of Funds in Financial Frauds and Case Study of Legal Responsibilities	3
		May 24, 2019	The Key Role of Material News in Financial Crime: Legal Responsibilities and Case Study	3
Independent Director	Huang, Wen-lai	Aug 13, 2019	Countermeasures of Enterprises and Individuals in Response to the Implementation of the Economic Substance Laws and Global Anti-Tax Avoidance	3
		Nov 14, 2019	Realizing the Value of Business Mergers and Acquisitions: Discussion of Post-Merger Integration Issues and Establishment of Management Mechanism	3
CFO	Chen, Chun-ying	Nov 15, 2019	How do Directors Review Financial Reports	3
		Jul 25-26, 2019	Further Education Course for Accounting Chiefs of Issuers, Securities Companies, and Stock Exchanges	12
		Jan 29, 2019	The Practice of Investigating Frauds from Red Flags	3
Audit Chief	Ting, Yu-chi	May 17, 2019	Personal Information Protection in the Development of Digital Technologies: On the General Data Protection Regulation (GDPR)	6
		Nov 26, 2019	Auditing and Compliance Practices in Setting up Independent Directors and Audit Committee in Compliance with the Requirement of Competent Authority	6

IV) Composition, Duties, and Operations of the Remuneration Committee:

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

1. Information on the members of the Compensation Committee

Identity Category (Note 1)	Qualification	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Status of independence (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Wang, Hwei-Min		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	New Appointed on June 11, 2018
Independent Director	Chan, Yi-Hung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	New Appointed on June 12, 2019	
Other	Yang, Cheng-Li			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Successive Appointed on June 11, 2018		
Other	Cai, Zheng-Zhe (Note3)			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Successive Appointed on June 11, 2018		
Other	Wu, Jie-Xin (Note3)			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Successive Appointed on June 11, 2018		

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

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

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

- (2) Not a director or supervisor of the company or any of its affiliates (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to this act or local regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a manager listed in (1) or a spouse, second degree kin or closer, or a direct blood relative of third degree or closer to anyone listed in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings or of a corporate shareholder that appoints a representative, as provided in Paragraphs 1 or 2, Article 27 of the Company Act, to act as a director or supervisor of the company (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to this act or local regulations).
- (6) Not a director, supervisor, or employee of other companies controlled by the same person with more than half of the company's director seat or voting shares (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to the this act or local regulations).
- (7) Not a director, supervisor, or employee of another company or institution of the same person or spouse who is the company's chairman, president, or persons with equivalent position (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to this act or local regulations).
- (8) Not a director, supervisor, manager or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (the same does not apply, however, in cases where the specified company or institution hold 20% or more but less than 50% of the company's shares and the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to this act or local regulations).
- (9) Not a professional who provides auditing service or provides commercial, legal, financial, accounting services or consultation, for which a cumulative compensation of less than NT\$500,000 is obtained in the past two years, to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or institution that provides such services to the Company or its affiliates; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not under any of the categories stated in Article 30 of the Company Act.

Note3: Cai, Zheng-Zhe and Wu, Jie-Xin resigned in June 2019.

## 2. The powers and jurisdiction of the Compensation Committee

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

### 3. The operation of the Compensation Committee

- (1) The Company's Compensation Committee consists of three members. Four members from the 4th committee.
- (2) The duration of this term: June 17, 2015 to June 16, 2018(3<sup>rd</sup> committee), the 4<sup>th</sup> committee is from June 11, 2018 to June 10, 2021. In 2019, the Compensation Committee held 4 committee meetings (A). The attendance record of members is as follows

Title	Name	Actual attending B	Authorized attending	Ratio of actual attending (%) [B/A] (Note)	Remark
Convener	Wang, Hwei-Min	4	0	100%	New Appointed on June 11, 2018
Committee	Chan, Yi-Hung	1	0	100%	New Appointed on June 12, 2019
Committee	Yang, Cheng-Li	4	0	100%	Successive Appointed on June 11, 2018
Committee	Cai, Zheng-Zhe	2	1	66.67%	Successive Appointed on June 11, 2018 Resigned on June 12, 2019
Committee	Wu, Jie-Xin	3	0	100%	Successive Appointed on June 11, 2018 Resigned on June 12, 2019

Other matters that should be documented:

I. Recommendations of the Compensation Committee rejected or modified by the Board: None

II. Resolutions of the Compensation Committee that met opposition or reservation from members and have been documented: None.

III. Extracts from important agendas in the 2019 Remuneration Committee meeting:

Date of Meeting (Session)	Agenda and follow-up	Remarks and Other Recommendations
January 15th, 2019 (The 2nd session of 4th)	•Assessment and recommendation on the year-end bonus for managers of the Company	None
	•The Company's regulations on the performance bonus of each business groups for 2019	None
	Resolutions adopted by the Remuneration Committee: Passed by all committee members as proposed.	
	Actions taken by the company in response to the opinion of the Remuneration Committee: Passed by all attending directors as proposed.	



March 15th, 2019 (The 3rd session of 4th)	•Assessment and recommendation on the distribution of compensations to employees and directors in 2018	None
	•Assessment and recommendation on the salary (annual salary adjustment) for managers of the Company	None
	Resolutions adopted by the Remuneration Committee: Passed by all committee members as proposed.	
Actions taken by the company in response to the opinion of the Remuneration Committee: Passed by all attending directors as proposed. The first proposal will be reported to the 2020 Annual Shareholders' Meeting.		
May 14th, 2019 (The 4th session of 4th)	•Assessment and recommendation on 2018 distribution of remuneration to directors	None
	Resolutions adopted by the Remuneration Committee: Passed by all committee members as proposed.	
	Actions taken by the company in response to the opinion of the Remuneration Committee: Passed by all attending directors as proposed.	
August 13th, 2019 (The 5nd session of 4th)	•Assessment and recommendation on the Company's distribution of remuneration for managers in 2018 in accordance with business performance	None
	Resolutions adopted by the Remuneration Committee: Passed by all committee members as proposed.	
	Actions taken by the company in response to the opinion of the Remuneration Committee: Passed by all attending directors as proposed.	

- Note: (1) Before the end of the year, if a member of the compensation committee leaves his position, his termination date should be noted in the remarks section. The actual attendance percentage is calculated according to the number of meetings and actual attendance during the term of the committee.
- (2) Before the end of the year, if there is a re-election of the Compensation Committee, the former and current committee members should both be listed. In the remarks section, whether a member is newly elected or reelected should be noted, along with the election date. The actual attendance percentage is calculated according to the number of meetings and actual attendance during the term of the committee.

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

#### CSR Policy

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

#### CSR goals and effectiveness

##### Gigabyte Green Sustainable Development Committee:

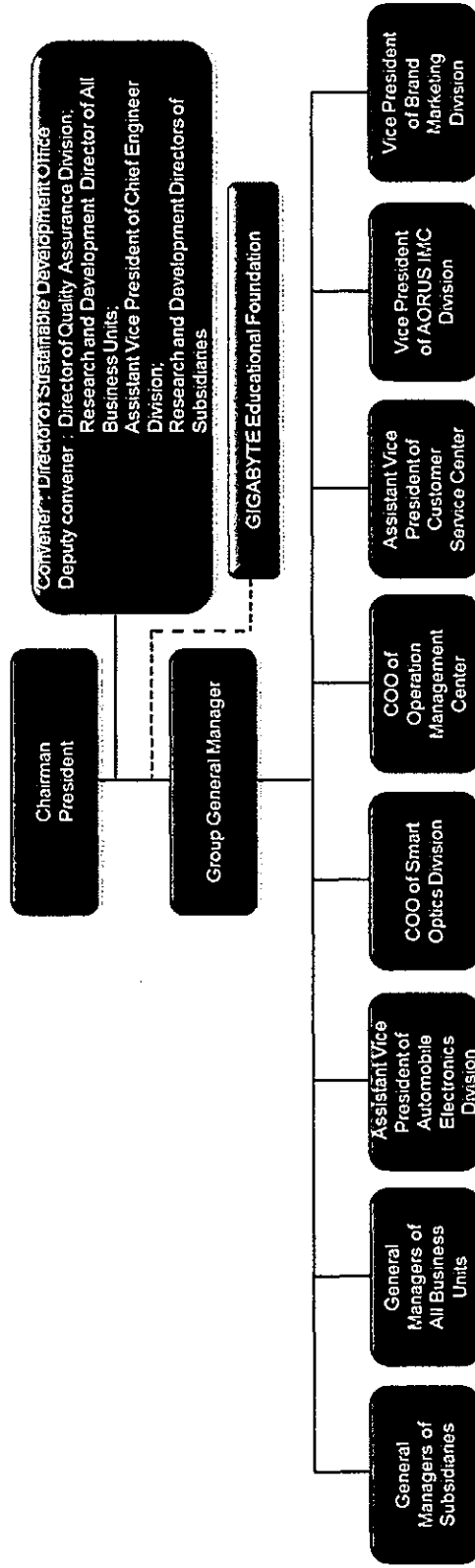
In 2005, as the key to business risk management, Gigabyte Technology established the "WEEE/RoHS Committee", the primary purpose of which was to implement measures like WEEE, RoHS in accordance with the environmental regulations. The Committee was also responsible for operationalizing environmental policies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

Presently, this committee is helmed by the Company's CEO as the chairperson with the convener being the Head of the Sustainable Development Office while the role of the vice convener is shared by the respective R&D heads of the Company and its subsidiaries, Head of the Main Engineering Division and Head of the Quality Division. A monthly meeting is called to discuss cross-function, cross-location and inter-subsubsidiary matters, summarize the matters discussed and submit the report on a regular basis to be incorporated in the consolidated monthly report for the CEO office. This gives the management team a clear understanding of the Company's commitment to sustainable

development and the operational status of CSR policies. In addition, on an annual basis, the Committee will report out to the Board of Directors the effectiveness of the respective activities and present the development budget for the next fiscal year. CSR is a key component of the Company's business policies, guiding Gigabyte Technology in implementing a diverse range of green sustainable development activities.

Organization Chart:

### GIGABYTE Green Sustainable Development Committee



Term	Goals	Practice and Effectiveness
<ul style="list-style-type: none"> <li>•Short</li> </ul>	<ul style="list-style-type: none"> <li>•Optimize environmental and safety policies and commitments</li> <li>•Ensure compliance with customer and environmental requirements of products.</li> <li>•Strengthen employee awareness and the urgency of environmental protection and spread from the enterprise through the family to society from: Love for Earth with True Environmental Protection.</li> </ul>	<ul style="list-style-type: none"> <li>•Obtained ISO14001 and OHSAS 18001 (currently ISO45001 Occupational Health and Safety Management System) and improved the environmental monitoring practices of Gigabyte and employees' work environment.</li> <li>•Focused on the R&amp;D and innovation of green product and green technology and produced high-quality products to satisfy customers.</li> <li>•Activated the 2009 Green Action Plan for employees to fully understand the importance of sustainable environment cumulative number of participant 82,218.</li> <li>•Established the Gigabyte to Green Club .At the environmental services event where participants walked around the island to help clear rubbish, here were 1,289 participants, each clocking in 748.68 kilometers on the road with 6,864.46 kilograms of plastic waste collected.</li> </ul>
<ul style="list-style-type: none"> <li>•Medium</li> </ul>	<ul style="list-style-type: none"> <li>•Promote business ethics and CSR</li> <li>•Establish the organization level GHG and product carbon footprint performance indicator system</li> <li>•Continuingly reduce the carbon emissions and environmental impacts of products.</li> </ul>	<ul style="list-style-type: none"> <li>•Published the CSR report on an annual basis and the code of business conduct in 2010.</li> <li>•Began promoting ISO14064 GHG inventory in 2009. Across the entire corporation, emission for 2018 was 27,663.92 metric tonnes of CO<sub>2</sub>e; 28,458.54 metric tonnes of CO<sub>2</sub>e in 2019. The 41.87% decrease from 48,957.14 metric tonnes emitted in 2009 was due to indirect emissions in Category II.</li> <li>•Expanded the scope of GHG inventory to Scope 3 in 2015.</li> <li>•Implemented LCA assessment on all products to develop a product EIA system and database.</li> </ul>
<ul style="list-style-type: none"> <li>•Long</li> </ul>	<ul style="list-style-type: none"> <li>•Share value with society through "Upgrade Your Life"</li> <li>•Create customer value and eco-friendly products to build a green brand.</li> </ul>	<ul style="list-style-type: none"> <li>•Promoted SROI assessment in 2016 to value Gigabyte's social influence.</li> <li>•Promoted the Green Action Plan 2.0 to extend Gigabyte's value sharing.</li> <li>•In 2018, we issued our first Gigabyte Technology Environmental Report working together with the consumers to protect our environment.</li> <li>•Established the motto "Reduce, Share, Love the Earth, Collaborate" to share our love for the Earth with our suppliers. Organized a large-scale suppliers meeting to raise awareness among the suppliers of Gigabyte's sustainability movement and create a win-win situation as we grow with them.</li> </ul>

#### Major CSR Events:

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

- 2015 Promoted the legislation of green roof and built the urban eco-corridor to reduce the urban heat island effect and relieve electricity consumption at summer peak hours to reduce the demand for nuclear energy.
- 2015 Rated as the top 30 in CSR in the CSR Survey conducted by the *Global View Magazine*.
- 2015 Ranked Taiwan's top 36<sup>th</sup> enterprise and top 17<sup>th</sup> in the social aspect at the Excellence in Corporate Social Responsibility Award by *CommonWealth Magazine*.
- 2016 Ranked Taiwan's top 40<sup>th</sup> enterprise and top 16<sup>th</sup> enterprise in the electronics industry in the CSR Survey by *Global View Magazine*.
- 2016 Ranked Taiwan's top 32<sup>nd</sup> enterprise and top 14<sup>th</sup> in the environmental aspect at the Excellence in Corporate Social Responsibility Award by *CommonWealth Magazine*.
- 2016 10<sup>th</sup> Excellent Enterprise Award by the Taoyuan City Government.
- 2017 The Global View Magazine released the "CSR Survey 2017", which listed Gigabyte the top 40th enterprise and the winner of the award of Model Enterprise in Electronics industry.
- 2017 The Common Wealth Magazine listed Gigabyte the top 18th enterprise and the winner of "Corporate Citizenship Awards 2017".
- 2017 Gigabyte was awarded "TCSA Climate Leadership Award 2017" (There were only ten enterprises winning the award, listed as Taiwan Top 50 Sustainable Enterprise (including 9 enterprises in the technology industry, and Gigabyte ranked the 6th place) and awarded Top 50 Sustainable report Gold Medal.
- 2017 Gigabyte was awarded "2017 ISO 14001+ Award Model Enterprise in Environmental Performance".
- 2018 Top 5 electronics & technology companies listed in the 2018 CSR Survey by Vision magazine; Top 6 in education & promotion of CSR.
- 2018 In 2018, listed in the top 21 Taiwanese corporations for the world corporate citizen award.
- 2018 In 2018, received the TCSA Climate Leadership Award (13 companies received the award). Top 50 sustainable businesses (placed 5th of 14 technology companies). Top 50 sustainability report gold award.
- 2018 Organized the "Reduce, Share, Love the Earth, Collaborate" supplier meeting in 2018 to share Gigabyte's sustainable business activities and work with suppliers to develop growth opportunities with focus on sustainability.
- 2018 Issued our first Gigabyte Technology Environmental Report in 2018, working together with the consumers to protect our environment.
- 2019 Ranked Top 5 of Electronics and Technology Industry in the CommonWealth CSR Survey
- 2019 Ranked top 33 of corporate citizens in Taiwan in the Commonwealth Corporate Citizenship Award
- 2019 Won the Taoyuan City Excellent Enterprise Award
- 2019 Won the 2019 Award of Excellence in Corporate Promotion of Family-Friendly Workplace in New Taipei City

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

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

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

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

#### Gigabyte Education Foundation

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

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

Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Indicator	Implementation		Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	
1. Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies or strategies based on the principle of materiality?	√		Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.
2. Does the Company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior managerial officers and reports its progress to the Board of Directors?	√		Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.
3. Environmental Issues (1) Has the Company established a proper environmental management system based on the characteristics of the industry? (2) Is the Company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on	√		Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.



Indicator	Implementation		Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	
<p>the environment?</p> <p>(3) Does the Company assess the current and future potential risks and opportunities of climate change for the company and take measures to address climate-related issues?</p> <p>(4) Does the Company calculate the greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and establish energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management policies?</p>			<p>approach. In 1998, Gigabyte received ISO14001 and ISO9001 certifications and in 2005, the Company became the world's first system manufacturer to pass the IECQ QC 080000 verification. Since then, we have introduced ISO 14064 and PAS 2050 standards to achieve the environmental goal of low-carbon management. Regarding hazardous substance management, Gigabyte constantly monitors the status of environmental laws around the world, such as: REACH, EU Batteries Directive, EU Packaging Directive, and China RoHS, in order to provide consumers with safe products that meet international laws and customer requirements. Currently, Gigabyte's products including motherboard, graphics card, optical disc drive, chassis, and power supply, are compliant with the EU RoHS Directive. In addition, Gigabyte has established the Gigabyte Harmful Chemical-Substances Requirements (HCSR). We ask our partners to comply with these requirements. By following the principle of "mastering the present and monitoring the future", we classify hazardous substances to systematically manage them and, where appropriate, we include hazardous substances that are regulated by law in our list of controlled highly hazardous substances and further restrict or prohibit their use to meet regulatory requirements regarding elimination of hazardous substances. In 2019, Gigabyte updated its HCSR to Version 4.5, in which PVC and its mixture are upgraded to Level A. After confirmation with its</p>

Indicator	Implementation		Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	
		<p>business groups and announcement of applicable regulations in California, USA, Gigabyte included TDCPP and TECP in its product regulation to more comprehensively manage all potential chemical substances, even though Gigabyte products do not contain TDCPP and TECP. The Company will continue to track and audit all of its suppliers to ensure that they meet the HCSR of Gigabyte.</p> <p>(2) Right at the product design stage, our Company begins to consider probable environmental impacts and designs products from the viewpoint of “minimizing environmental load” to realize an eco-design from the source to end-users. Our Company is also committed to implementing factory waste reduction and recycling to reduce resource depletion.</p> <p>Launched RFP (Recycle Fiber of Plant) in 2017, successfully producing environmentally friendly bags 100% made from grain husks. Launched MFCA (material flow cost accounting) in 2018 to enable sustainable recycling.</p> <p>(3) Global warming and climate change are the most urgent and the most concerning problems in the world today. Gigabyte Technology deeply agrees that enterprises are entrusted with the task of protecting the Earth, responding to the climate change is the key link to the enterprise's sustainable operation. From day-to-day operations, product research and development to providing services, those measures are to actively reduce environmental impact and</p>	

Indicator	Implementation		Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	
		<p>continuously put efforts on fulfilling the green production target. In the face of climate change, Gigabyte Technology has established the Green Sustainable Development Committee and the Green Energy Plan for implementing management strategy in the five directions as follows:</p> <ol style="list-style-type: none"> <li>1. Trend Mastery: Monitoring the risk issues in regard to climate change management.</li> <li>2. Current situation analysis and prevention: Current inventory operation status and the fulfillment of management and prevention targets.</li> <li>3. Product Management and Innovation: Mastering market trends and developing innovative products.</li> <li>4. Environmental education: To create environmental protection atmosphere and establish the internal concept in regard to environmental sustainability.</li> <li>5. Innovation Management Program: Urban adjustment and adaptation action, building up new pipe Strategy.</li> </ol> <p>(4) Gigabyte has conducted inventory of the Group's greenhouse gas data since 2007, collected statistics on the Group's water consumption and waste data since 2010, and disclosed relevant data and management policies in its CSR report. For details, please refer to the 2019 Gigabyte CSR Report, section 3.1 Environmental Management Policies.</p>	

Indicator	Implementation		Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	
<p>4. Social Issues</p> <p>(1) Has the Company drafted management policies and procedures in accordance with the relevant laws and international conventions on human rights?</p> <p>(2) Does the company formulate and implement reasonable employee benefits measures(including compensation, leave, and other benefits)) and appropriately reflect its business performance or achievement in employee compensation?</p> <p>(3) Does the Company provide employees with a safe and healthy work environment? Do employees receive regular safety and health education?</p> <p>(4) Has the Company established an effective career development plan for employees?</p> <p>(5) Does the company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?</p> <p>(6) Does the company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.</p>	√		<p>Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.</p>
			<p>(1) Gigabyte embraces the philosophy of "A happy workplace for a better life". We believe that every employee should be treated equally and with respect. We strive to uphold and respect internationally recognized human rights (including the UN Declaration of Human Rights, and the International Labor Organization's core labor standards) such as freedom from discrimination and abuse, illegal employment, and promises to abide by the highest ethical standards in our compliance with local laws and the 《Responsible Business Alliance (RBA) Code of Conduct》 (formerly named as Electronic Industry Citizenship Coalition (EICC) Code of Conduct). We also request suppliers to comply with the 《Responsible Business Alliance (RBA) Code of Conduct》 so as to fulfill CSR together. We have therefore defined various management policies and procedures including the "Employee Code of Conduct", salary &amp; benefits, training &amp; development, attendance system, business travel management, labor safety and more.</p> <p>(2) The Company has established a Remuneration Management Committee that professionally and objectively evaluates and recommends periodically the Company's annual and long-term performance goals as well as remuneration policies, systems, standards, and structures. For information on remuneration, leave, and other benefits, please visit the CSR</p>

Indicator	Implementation		Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	
		<p>website, section Sound Human Resource Management <a href="https://csr.gigabyte.tw/Home/Content/191">https://csr.gigabyte.tw/Home/Content/191</a>.</p> <p>(3) Gigabyte has passed ISO 14001 and ISO 45001 certification. Work environments are tested every 6 months to ensure work environment safety. The Company also arranges annual employee health exams and organizes occupational safety and first aid training, fire evacuation training, emergency response training, art and culture talks, as well as workshops on health topics conducted by experts to improve employee health awareness. In 2015, the launched of a comprehensive integration strategy of the Employee Assistance Program (EAP), which assisted employees to deal with various intangible personal, family, life or work pressure. It's hoped that through active care and timely assistance, each colleague can keep the best physical and mental state at any time, welcome each day happily and deal with the source of pressure with positive thinking to maintain working efficiency and quality. Please visit our CSR site for details on occupational health and safety. <a href="https://csr.gigabyte.tw/Home/Content/192">https://csr.gigabyte.tw/Home/Content/192</a></p> <p>(4) Our employees are assigned to positions that suit their personal interests so they can develop in the most suitable manner. New employees receive 1-day of orientation training as well as other internal or external specialist training based on their job requirements. Managers also take part in the "Groups Consensus Conference"</p>	

Indicator	Implementation		Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	
		<p>and management competency courses every year so they can continue to strengthen their professional know-how and make the Company more competitive. These include: management competency, core competency, foreign languages, external training, the e-learning system and library.</p> <p>(5) Gigabyte places value on responsible consumption and production and upholds a consumer-centric business philosophy to provide customers with world-class services, while imparting protection of the highest specifications to customers' confidential information. We offer three-year warranty for our entire line of motherboard products and establish a complete network of services globally to render efficient and considerate after-sales service. Consumers can provide feedback via email or telephone. Dedicated department is set up in Taiwan, mainland China, and overseas to provide consumers with product inquiry and product feedback services.</p> <p>1. Customer Service: Technical support hotline in Taiwan: 0800-079-800; service website in Taiwan: <a href="http://service.gigabyte.tw/">http://service.gigabyte.tw/</a>.</p> <p>2. Investors: Stock Affairs Department Hotline: (02)8912-4000 ext1042 Email : <a href="mailto:stockholder@gigabyte.com">stockholder@gigabyte.com</a></p> <p>3. Suppliers: Gigabyte CSR email: <a href="mailto:CSR@gigabyte.com">CSR@gigabyte.com</a></p>	

Indicator	Implementation		Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	
		<p>In addition, the Company has formulated standard corporate identity (CI) rules and applicable regulations. All materials made internally or externally using CI must be submitted by the responsible unit for review. The material can be printed and distributed only after approval is obtained. The Company faithfully complies with ethical management rules and applicable laws and international regulations in relation to marketing and labeling of products and services so that consumers are made fully aware of the Company's products and services.</p> <p>(6) The company regards the supplier as a long-term partner in order to jointly establish a stable and sustainable supply chain. Gigabyte Technology Group requires all First-Tier suppliers to build an environmental management system. At present, all Gigabyte's First-Tier suppliers are verified by ISO14001 verification. In terms of products, all suppliers should comply with Gigabyte Eco products requirements as well as International standards, such as EU RoHS Directive and REACH Decree; in addition, the Supplier Assessment Form including corporate social responsibility management, environmental protection, labor practices and human rights, fair business practices, supply chain responsibility, social and local contributions. Suppliers are urged to respect internationally recognized human rights and</p>	

Indicator	Implementation		Variation from Corporate Social Responsibility Best Practice Principles, and Reason
	Yes	No	
		<p>focus on global environmental issues to optimize the reduction of product life cycle to the society and together create the sustainable supply chain's corporate social responsibility. Please visit the CSR Website, section Supplier Management Requirement <a href="https://csr.gigabyte.tw/Home/Content/91">https://csr.gigabyte.tw/Home/Content/91</a></p>	
5. Does the company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports and reports disclosing the company's non-financial information? Have the aforementioned disclosures been assured, verified or certified by a third party?	√	<p>The Company's CSR reports are prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, with due reference to the UN's Sustainable Development Goals and other international guiding principles to disclose the Company's commitment, strategies, and management approach in relation to corporate sustainable development during the reporting period. This report has not yet been assured or verified by a third party. However, the financial data disclosed herein are information from CPA-certified annual reports. The ISO14064 organization level GHG inventory and reduction data, ISO14001, QC080000, and ISO45001 have been certified by SGS Taiwan Ltd. The indicators include our Xindian headquarters, Taoyuan Nanping plant, China Dongguan plant, and China Ningbo plant and are detailed in this report.</p>	Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.
6. If the Company has drafted its own corporate social responsibility guidelines according to "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies," the Company should clarify the difference between its operation and the codified principle: No difference. The Company has established a "Corporate Social Responsibility Practice Principles" based on the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" and related laws and regulations.			
7. Other pertinent information that helps the general public understand CSR operations: Please visit our CSR website at <a href="http://csr.gigabyte.tw/Home">http://csr.gigabyte.tw/Home</a> for more information about our CSR practice and sustainable development.			



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

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

Indicator	Operation		Variation from Ethical Corporate Management Best Practice Principles, and Reason
	Yes	No	
<p><b>I. Codify Ethical Management Policies and Plans</b></p> <p>(1) Does the company formulate ethical corporate management policies that have been approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board of Directors and management team to implementing policies?</p> <p>(2) Does the company establish a mechanism for assessing the risk of unethical conduct, regularly analyze and evaluate business operations at a relatively high risk of unethical conduct, and accordingly formulate solutions to prevent unethical conducts, which covers at least preventive measures against conducts as indicated in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(3) Does the company have any measures against unethical conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems? Does the company implement and regularly review and revise such measures?</p>	√	<p>The Company has established a "Ethical Corporate Management Best Practice Principles" based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and disclosed it on the Company's website and the Market Observation Post System.</p> <p>The management follows ethical management principles and has codified policies based on ethics, ensuring that the Board, supervisors, and employees abide by the Company Act, Securities and Exchange Act, Business Entity Accounting Act, and other laws that govern business transaction, while discharging their duties.</p>	<p>In compliance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"</p>
<p><b>2. Implementing ethical management</b></p> <p>(1) Does the Company evaluate the ethical record of its transaction parties and explicitly include clauses on ethical behavior in contracts?</p> <p>(2) Does the company establish a dedicated unit supervised</p>	√	<p>(1) Our Company maintains a registry of all vendors we deal with. For key suppliers and customers we also inspect their credit profile to avoid losses due to breaches of contract.</p> <p>(2) Our Company does not yet have a dedicated</p>	<p>In compliance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed</p>

Indicator	Operation		Variation from Ethical Corporate Management Best Practice Principles, and Reason
	Yes	No	
<p>by the board, to be in charge of corporate integrity, report it integrity policy and unethical conduct prevention solutions as well as supervision implementation status to the board of directors on a regular basis (at least once a year)?</p> <p>(3) Does the Company have a conflict-of-interest prevention policy with suitable channels for reporting such conflicts, and enforces such a policy?</p> <p>(4) Has the company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Does the internal audit unit establish applicable audit plans based on the results of unethical conduct risk assessment, and use the plans to audit unethical conduct prevention solutions or engage a CPA to carry out the audit?</p> <p>(5) Does the Company regularly host internal and external training on ethical management?</p>			<p>(concurrent) unit for promoting ethical corporate management. This is currently performed by each department to the best of their ability.</p> <p>(3) Our Company completed the stakeholder section on our website at the end of 2015 to respond to important CSR issues material to our stakeholders.</p> <p>(4) Our Company's accounting system and internal control system both conform to the spirit of ethical management. Internal auditors also carry out audits in accordance with the law.</p> <p>(5) Our Company does not regularly host internal and external training on ethical management. Related courses will be organized as necessary in the future.</p>
<p>3. Operation of the corporate whistleblower system</p> <p>(1) Does the Company have an explicit whistleblower and incentive scheme in place that protects whistleblowers and assigns appropriate personnel for investigating the target of the whistleblower complaint?</p> <p>(2) Has the company implemented any standard operating procedures, post-investigation measures, or confidentiality measures for handling reported matters?</p> <p>(3) Does the Company have measures to protect whistleblowers against retaliation?</p>	√	<p>(1) If any company personnel harms the Company's interests by violating the Company regulations or ethical principles, employees can report this through the proper channels to their direct manager, the internal audit manager or administrative unit. Disciplinary action will be taken by the decision-maker or Human Resources unit based on the severity of the offense.</p> <p>(2) Handled in accordance with the relevant HR management regulations.</p> <p>(3) Once a complaint is received by the head of the relevant unit, it is treated confidentially to protect the background of the whistleblower and the provided information.</p>	<p>In compliance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"</p>

Indicator	Operation		Variation from Ethical Corporate Management Best Practice Principles, and Reason
	Yes	No	
4. Greater disclosure Does the Company disclose its ethical management principles and progress on its promotion through its website or the Market Observation Post System website?	√		In compliance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"
5. If the Company has drafted an ethical management principle according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies," the operation of the principle and the deviation from the principle should be clearly stated. No difference. The Company has established a "Ethical Corporate Management Best Practice Principles" based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and related laws and regulations.			
6. Other material information that helps to understand the operation of the Company's ethical management (such as the Company's declaration of its resolve and policies to its business partners; the Company's invitation of training to its partners; and the Company's revision of its ethical management principles): None			

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

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

(IX) Status of Enforcement of Internal Control System:

Gigabyte Technology Co., Ltd.  
Statement of Internal Control

Date: March 13, 2020

Gigabyte Technology Co., Ltd. has conducted an internal audit in accordance with its Internal Control Regulation covering the period from January 1 to December 31, 2019 and hereby declares as follows:

- I. The Company acknowledges and understands that, the establishment, enforcement and preservation of internal control system is the responsibility of the Board and the managers, and that the Company has already established such system. The purpose is to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability of financial reporting and the compliance with relevant legal rules
- II. There is limitation inherent to an internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the Company features a self-monitoring mechanism. Once identified, any shortcoming will be corrected immediately.
- III. The Company judges the effectiveness of the internal control system in design and enforcement in accordance with the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "the Criteria"). The Criteria is instituted for judging the effectiveness of the design and enforcement of the internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control are composed by five elements, namely: 1. Control environment, 2. Risk Evaluation and feedback, 3. Control Operation, 4. Information and Communication, and 5. Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the Criteria for details.
- IV. The Company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system
- V. Based on the aforementioned audit findings, the Company holds that it has reasonably preserved the achievement of the aforementioned goals at December 31, 2019(including the monitoring over the subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective.
- VI. This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This statement of declaration has been approved unanimously by the Board in a session held on March 13, 2020 with the presence of eight directors (including proxies).

Gigabyte Technology Co., Ltd.

Chairman: Yeh, Pei-Chen

General Manger: Liu, Ming-Hsiung

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

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

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

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

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

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

Date	Significant Agenda	Implementation
2019.06.12	1. Recognize our Company's business report and financial statements from 2018.	Approved.
	2. Recognize our Company's earnings distribution for 2018.	Approved. 2019.7.21 has been ratified as the stock dividend distribution date, and the cash dividend has been distributed on 2019.8.12.(NT\$3 cash dividends per share)
	3. Approval of amendments of the Company's "Articles of Incorporation"	Approved. The agenda has been carried out as resolved in the shareholders' meeting.
	4. Approval of amendment of the company's "Asset Acquisition and Disposal Operating and Handling Procedure"	Approved. The agenda has been carried out as resolved in the shareholders' meeting.
	5. Approval of amendment of the company's "Financial Derivatives Transactions Operating Procedures"	Approved. The agenda has been carried out as resolved in the shareholders' meeting.
	6. Approval of amendment of the company's "Loaning of Company Funds Operating Procedures"	Approved. The agenda has been carried out as resolved in the shareholders' meeting.
	7. Approval of amendment of the company's "Endorsement and Guarantee Operating Procedure"	Approved. The agenda has been carried out as resolved in the shareholders' meeting.

2. Important Resolutions of Meetings of the Board of Directors

Date	Important Resolution
2019.1.15	Resolution of 2019 annual accountant entrust and remuneration proposal.
	Resolution of assessment and recommendation on the year-end bonus for managers of the Company
2019.3.15	Amendment of the company's "Asset Acquisition and Disposal Operating and Handling Procedure"
	Amendment of the company's "Financial Derivatives Transactions Operating Procedures"
	A amendment of the company's "Loaning of Company Funds Operating Procedures"
	Amendment of the company's "Endorsement and Guarantee Operating Procedure"
	Amendments of the Company's "Articles of Incorporation"
	Confirmed the Company's "Standard Process for Handling Directors' Requests"
	The company's 2019 Budget proposal
	Change of CPA who audits the Company's financial reports
	Resolution of 2018 the distribution of remuneration to employees and directors
	Resolution of 2018 individual and consolidated financial reports
	2018 Annual Internal Control System declaration
	Resolution of 2019 shareholder's regular session regarding the date, location and agenda
	Resolution of 2019 shareholder's regular session regarding the place and period accepting shareholder's proposal
2019.04.16	Approval of the Company's 2018 profit distribution proposal
	Approval of the Company's 2018 Business reports
2019.05.14	Amendments of the Company's "Recognition of Doubtful Debt Provision, RMA, and Inventory Loss"
	Approval of evaluation and suggestions to 2018 distribution of remuneration to directors
2019.06.12	Scheduled the 2019 basis date of ex-dividend for stocks
	Resolution of the Company's appointment of the 4th Remuneration Committee member
	Resolution of the company's proposal of continuing the credit transactions with China Trust Commercial Bank (CTBC Bank).
2019.08.13	Resolution of the Company's plan for purchasing machinery and equipment for the expansion of the Nanping Plant
2018.11.14	Approval of 2020 Audit Plan
	Amendments of the Company's "Recognition of Doubtful Debt Provision, RMA, and Inventory Loss"

Date	Important Resolution
	Resolution of the company's proposal of continuing the credit transactions with E. Sun Bank
	Resolution of the company's proposal of continuing the credit transactions with Xindian Branch of Mega International Commercial Bank
	Resolution of the company's proposal of continuing the credit transactions with Beixin Branch of Chang Hwa Commercial Bank
	The evaluation of the company's CPA independence
	Resolution of the Company's nomination of E-Tai Lee as the new GM
	Resolution of investment in Senyun Precise Optical Co.,Ltd. for Chi-Ga Investment
2020.01.15	Resolution of investment in Max Linear Inc.
	Resolution of the company's 2020 Certified Public Accountants (CPA) entrust and remuneration
	Resolution of assessment and recommendation on the year-end bonus for managers of the Company
2020.03.13	2019 Annual Internal Control System declaration
	Resolution of 2019 individual and consolidated financial reports
	Resolution of 2020 shareholder's regular session regarding the place and period accepting shareholder's proposal
	Resolution of 2020 shareholder's regular session regarding the period and the place of accepting the application
	Amendment to the Company's "Rules of Procedure for Board Meetings"
	Amendment to the Company's "Rules of Procedure for Shareholder Meetings"
	Amendment to the Company's Operating Procedures for the Management of Financial Reporting and Preparation Process
	The company's 2020 Budget proposal
2020.04.16	Approval of the Company's 2019 profit distribution proposal
	Approval of the Company's 2019 Business reports

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

(XIII) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D in the most recent year to the day this report was printed:

04/14/2020

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
General Manager	Liu, Ming-Hsiung	2015/01/15	2020/01/01	Adjustment of position

IV.Information regarding auditing fee:

In NTD 1,000

Scale	Items	Auditing Fee	Non-audit fee	Total
1	Below NTD2,000		✓	1,820
2	NTD2,000-NTD4,000			
3	NTD4,000-NTD6,000			
4	NTD6,000-NTD8,000			
5	NTD8,000-NTD10,000			
6	More than NTD10,000	✓		10,613

Fees paid to CPAs

In NTD 1,000

CPAs firm	CPAs name	Auditing fee	Non-auditing fee					Audit Period	Note
			System design	Registration with industrial and commercial administration authorities	Human Resources	Other (Note 2)	TOTAL		
PWC Public Accountants	Lin, Se-Kai	10,613	0	100	0	1,720	1,820	Whole Year (2019)	Non-audit expenses includes expenses for transfer pricing, advance pricing arrangements and change registration etc.
	Wang, Fang-yu								

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

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

V.Information regarding replacement of CPAs: N/A due to internal rotation of the accounting firm.

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



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

Title	Name	2019		By April 14, 2020	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Chairman and CEO, Gigabyte	Yeh, Pei-Chen	0	0	0	0
Vice Chairman	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung	0	0	0	0
Director	Yuei-yei Kai Fa Investment Ltd. Representative: Tseng, Chun-Ming	0	0	0	0
Director	Shih-Chia Investment Co., Ltd. corporate representative: Ma, Mou-Ming	0	0	0	0
Director	Shih Dah Investment Co., Ltd. corporate representative: Ko, Cong-Yuan	0	700,000 (700,000)	0	0
Director	Xi Wei Investment Co., Ltd. corporate representative: Li, E-Tay	0	0	0	0
Independent Director	Wang, Hwei-Min	0	0	0	0
Independent Director	Chan, Yi-Hung	0	0	0	0
Independent Director	Huang, Wen-lai	0	0	0	0
Gigabyte Senior Vice President	Ma, Mou-Ming	0	0	0	0
Senior VP of Gigabyte	Liu, Ming-Hsiung	0	0	0	0
Manufacturing Business Unit Senior VP	Cheng, Chun-Ming	0 (325,000)	0	0	0
Senior VP and President of Mobility Product BU(Note1)	Lin, Hua-Yuan	0	0	0	0
Group General Manger	Li, E-Tay	0	0	0	0
Manufacturing Business Unit President	Meng, Hsian-Ming	0	0	0	0
Channel Solution Business Unit Senior Special Assistant	Hong, Wen-Chi	0	0	0	0

Title	Name	2019		By April 14, 2020	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
CFO, Operations Management Center and Financial & Accounting HQ	Chen, Chun-Ying	0	0	0	0
Operations Management Center Overseas Subsidiary Management Division. Vice General Manager of the US Platform	Lu, Zheng-Wei	0	0	0	0
C.O.O. , Operation Management Center	Bai, Guang-Hua	0	0	0	0
Brand Marketing Division, Vice President and Special Assistant to the President	Chen, Jin-Ting	0	0	0	0
Network and Communications Business Unit Product Center AVP	Chen, Zhang-Xiang	0	0	0	0
President's office, manager special assistant	Chen, Shi-Cheng	0 (209)	0 0	0 0	0 0
Chief Technology Officer, Network and Communications BU	Hou, Chi-ren	0	0	0	0
Channel Solution Business Unit M/B Research& Development Center, Vice General Manage	Chen, Chen-shun	0	0	0	0
Channel Solution Business Unit, Sales Marketing Center, America& Asia Platform , Senior AVP	Liao, Chi- Li	0 (12,000)	0 0	0 0	0 0
Channel Solution Business Unit, Sales Marketing Center, Europe Platform, Senior AVP	Hsiao, Wen-Ta	0	0	0	0

Title	Name	2019		By April 14, 2020	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Channel Solution Business Unit, Sales Marketing Center, Motherborad Development Division, Senior AVP	Liu, Wen- Chung	0	0	0	0
Channel Solution Business Unit, M/B Research& Development Center, software office, AVP	Deng, Yi-Ming	0	0	0	0
Channel Solution Business Unit, M/B Research& Development Center, Firmware Division II, Senior AVP	Tseng, Wei-Wen	0	0	0	0
Channel Solution Business Unit, M/B Research& Development Center, AVP	Liao, Che-Hsien	0 (2,000)	0 0	0 0	0 0
VP Mobility Product BU	Lan, Jun-Kun	0	0	0	0
Network and Communications Business Unit Product Center AVP	Chen, Yun-Di	0	0	0	0
AVP Overseas Manufacturing Dongguan Gigabyte Ningbo Gigabyte	Ko, Wei-Ti	0	0	0	0
Operation Management Center Legal and IP Affairs Div., General Counsel	Chiu, Chih-Peng	0	0	0	0
Manufacturing Business Unit Chief Engineering Division AVP	Sun, Wu-Hsiung	0	0	0	0
Vice General Manager, Channel Solution Business Unit, Gaming Products Research & Design Center	Huang, Shun-Chih	0	0	0	0

Title	Name	2019		By April 14, 2020	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Vice General Manager, Channel Solution Business Unit	Lin, Ying-Yu	0	0	0	0
AVP, Customer Service Center	Lin, Chi-Ching	0	0	0	0
Senior AVP, Advanced E-Auto Research Center	Gu Rui-Lin	0	0	0	0
Vice General Manager, Mobility Product BU	Chen Jun-Cheng	-	-	0	0
AVP, Information Technology Division, Operation Management Center & Spokesman, Public Relationship Department	Sun, Guo-Ren	0	0	0	0
AVP Mobility Product BU Material Management Division(Note2)	He Qiao-Feng	0	0	0	0

Note1: Retired in September, 2019.

Note2: Resigned in March, 2020.

Information on counterparties of share transfers or pledges who are related parties by directors, supervisors, managers, and shareholders owning more than 10% of shares outstanding: None.

VIII. Top ten shareholders and relationship between the shareholders

NAME (*1)	SHAREHOLDINGS BY SELF-OWNED		SHAREHOLDINGS BY SPOUSE AND UNDERAGE CHILDREN		SHAREHOLDINGS UNDER THE TITLE OF A THIRD PARTY		TOP 10 OF SHAREHOLDERS TO CONFORM TO THE ROC STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 3		REMARK
	Shares	Ratio	Shares	Ratio	Shares	Ratio	Name	Relationship	
Liu, Ming-Hsiung	41,168,918	6.48%	3,822,579	0.60%			Ming Wei Investment Co., Ltd.	Director	
Yuanta Funds	33,264,405	5.23%							
Yeh, Pei-Chen	30,151,237	4.74%	5,821,063	0.92%			Ming Wei Investment Co., Ltd.	Director	
Ma, Mou-Ming	23,673,383	3.72%	470,914	0.07%					
JPMorgan Chase Bank N.A. Taipei Branch in custody for Schroder International Selection Fund Emerging Asia	16,871,000	2.65%							
Ming Wei Investment Co., Ltd.	14,062,200	2.21%					Liu, Ming-Hsiung	Director	
							Yeh, Pei-Chen	Director	
Representative: Yang, Xue-Qing	3,822,579	0.60%	41,168,918	6.48%					
Citigroup Inc. is entrusted USA Citi Private to manage Eaton Asia Fund	11,656,498	1.83%							
New Labor Pension Fund	10,005,500	1.57%							
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	9,847,162	1.55%							
Shi Da Investment Limited	9,408,000	1.48%							
Representative: Yang, Ya-Ting	9,000	0.00%	36,000	0.01%					

- Note 1: All of the top ten shareholders should be listed. Names of the corporate shareholders and the representatives thereof should be listed separately.
- Note 2: Ratio means the shareholding by self-owned, spouse and underage children, and the title of a third party as of total these three titles of shares.
- Note 3: Relationship between shareholders listed above, including corporations and natural persons, should be disclosed.

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

December 31, 2019/Unit: share; %

Invested companies	Invested by the Company		Invested by directors, supervisors, managers, or by direct or indirect subsidiaries		Total investment	
	Quantity of shares	Proportion of holdings	Quantity of shares	Proportion of holdings	Proportion of shares	Proportion of holdings
G.B.T., Inc.	54,116	48.63%	57,169	51.37%	111,285	100%
G.B.T. Technology Trading GmbH	0	100%	0	-	0	100%
Freedom International Group Ltd.	142,671,692	100%	0	-	142,671,691.54	100%
Charleston Investments Limited	0	-	57,032,141.68	100%	57,032,141.68	100%
Dongguan Gigabyte Electronics Co., Ltd.	0	-	0	100%	0	100%
GBT Tech. Co. Ltd.	800,000	100%	0	-	800,000	100%
Chi-Ga Investment Corp.	293,756,500	100%	0	-	293,756,500	100%
G.B.T. LBN Inc.	0	-	0	100%	0	100%
Giga Future Limited	0	-	82,819,550	100%	82,819,550	100%
Ningbo Gigabyte Co., Ltd.	0	-	0	100%	0	100%
Ningbo Best-Yield Repair and Maintenance Co., Ltd.	0	-	0	100%	0	100%
Ningbo Gigabyte International Trading Co.	0	-	0	100%	0	100%
Giga-Byte Technology B.V.	8,500	100%	0	-	8,500	100%
Giga-Trend International Investment Group Ltd.	0	-	65,290,000	100%	65,290,000	100%
Ningbo Zhong Jia Technology Trading Co., Ltd.	0	-	0	100%	0	100%
Gigabyte Technology Pty. Ltd.	2,400,000	100%	0	-	2,400,000	100%
Aorus Pte. Ltd.	0	-	3,073,000	100%	3,073,000	100%
Giga-Byte Communications Inc.	2,145,880	99.86%	0	-	2,145,880	99.86%
Giga-Trend International Management Group Ltd.	0	-	600,000	60%	600,000	60%
Gigabyte Technology (India) Private Limited	4,600,000	100%	0	-	4,600,000	100%
G-Style Co., Ltd.	72,000,000	100%	0	-	72,000,000	100%
BYTE International Co., Ltd.	3,000,000	100%	0	-	3,000,000	100%
Giga Advance (Labuan) Limited	0	0	10,000	100%	10,000	100%
Nippon Giga-Byte Corp.	1,000	100%	0	-	1,000	100%
Gigabyte Technology Poland SP Z.O.O.	0	-	100	100%	100	100%
Gigabyte Technology ESPANA S.L.U.	5,000	100%	0	-	5,000	100%
Gigabyte Information Technology Commerce Limited Company	8,000	100%	0	-	8,000	100%
Gigazone Holdings Limited	0	-	34,500	100%	34,500	100%
Gigabyte Technology LLC.	168,000	100%	0	-	168,000	100%
Gigabyte Trading Inc.	0	-	50,000	100%	50,000	100%
Senyun Precise Optical Co., Ltd.	0	-	54,727,814	86.24%	54,727,814	86.24%
OGS Europe B.V.	0	-	3,000	100%	3,000	100%
Shenzhen Best Yield Service Co., Ltd.	0	-	0	100%	0	100%
Selita Precision Co., Ltd.	0	-	5,000,000	100%	5,000,000	100%
SenYun Precision Optical (Dongguan) Co., Ltd.	0	-	0	100%	0	100%
Gigaipc Co., Ltd.	0	-	20,000,000	100%	20,000,000	100%
Zaozhuang Bestyield Resources Recycling Co., Ltd.	0	-	0	100%	0	100%

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

## Four. Equity Capital and Shares

### I. Equity capital and shares (D) Sources of equity capital

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

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



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

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

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

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

Types of shares

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

Information of overall declaration system: Nil.

## (II) The structure of shareholdings

April 14, 2020

Shareholder	Government agencies	Financial institutions	Other institutional investors	FINI and FIDI	Natural persons	Treasury stock	Total
Quantity							
Number of shareholders	0	26	183	297	52,493	0	52,999
Quantity of shares held	0	35,669,803	144,590,432	167,807,250	287,621,401	0	635,688,886
Proportion of holdings	0%	5.61%	22.75%	26.40%	45.24%	0%	100%

## (III) The diversification of shareholdings

Face amount at NTD10/share

April 14, 2020

Ranking of shareholding	Number of shareholders	Quantity of shares held	Proportion of holdings
1-999	17,243	2,480,450	0.39%
1,000-5,000	29,372	60,184,397	9.47%
5,001-10,000	3,623	28,198,461	4.44%
10,001-15,000	942	11,971,027	1.88%
15,001-20,000	559	10,431,154	1.64%
20,001-30,000	406	10,313,672	1.62%
30,001-40,000	184	6,598,577	1.04%
40,001-50,000	144	6,712,549	1.06%
50,001-100,000	212	15,012,659	2.36%
100,001-200,000	107	15,596,933	2.45%
200,001-400,000	56	15,779,088	2.48%
400,001-600,000	35	17,340,688	2.73%
600,001-800,000	16	10,993,549	1.73%
800,001-1,000,000	19	16,837,449	2.65%
1,000,001 and more	81	407,238,233	64.06%
Total	52,999	635,688,886	100.00%

## (IV) List of dominant shareholders

April 14, 2020

Name of dominant shareholders	Shares	Quantity of shares held	Proportion of shareholdings
Liu, Ming-Hsiung		41,168,918	6.48%
Yuanta Funds		33,264,405	5.23%
Yeh, Pei-Chen		30,151,237	4.74%
Ma, Mou-Ming		23,673,383	3.72%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Schroder International Selection Fund Emerging Asia		16,871,000	2.65%
Ming Wei Investment Limited		14,062,200	2.21%
Citigroup Inc. is entrusted USA Citi Private to manage Eaton Asia Fund		11,656,498	1.83%
New Labor Pension Fund		10,005,500	1.57%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank		9,847,162	1.55%
Shi Da Investment Limited		9,408,000	1.48%

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

Subject		Year			
		2018	2019	By March 31, 2020	
Market price per share (Note 1)	Highest	90.00	56.30	60.30	
	Lowest	36.20	38.00	36.35	
	Average	58.78	48.54	52.02	
Net value per share	Cum-dividend	37.89	38.22	-	
	Ex-dividend	34.89 (Note2)	36.02(Note 7)	-	
EPS	Weighted average number of shares	635,688,886	635,688,886	-	
	EPS (Note 3)	4.04	3.05	-	
Dividend per share	Cash dividend (Dollar)		3.00	2.20	-
	Stock divided	From retained earnings	-	-	-
		From capital reserve	-	-	-
	Accumulated unpaid dividends		-	-	-
Analysis on ROI	P/E ratio(Note 4)		14.55	15.91	-
	P/P ratio(Note 5)		19.59	22.06	-
	Cash dividend yield(Note 6)		5.10%	4.53%	-

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

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

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

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

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

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

Note 7: Distribution for 2019 is based on the resolution of the Board of Directors on April 16, 2020.

(VI) Dividend policy and implementation

1. Dividend policy:

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

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

Unit: Share; NTD

Subject	New shares	Amount
Accumulated unpaid income (8,424,170,391)		
5%	-	421,208,520
80%		6,739,336,313
Cash dividend from retain earnings (@\$2.2)	-	1,398,515,549

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

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

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

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

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

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

The compensation for employees and remuneration for directors and supervisors are estimated based on the balance from deducting accumulative losses in previous years from the income. If there is balance, this Company shall appropriate 3-10% as compensation for employees and not more than 3% as remuneration for directors. The compensation for employees is calculated at the closing price one day before the date of the resolution made by the meeting of BOD and in consideration of the impact on the ex-right and ex-dividend date.

There is no difference between the actual distribution amount of 2019 compensation for employees and remuneration for directors resolved by the BOD and the adopted estimates. Where there is a difference between the actual distribution amount and the estimates, the difference will be listed as a loss of the distribution year.

3. Information on the proposal on compensation for employees made by the board:

The board resolved in favor of the motion presented for the paid out of retained earnings for 2019 and the details are described as follows:

Unit: NTD/share

Subject	Quantity	Amount
Compensation for employee (10%):		
Compensation for employee -cash	-	245,385,163
Fees for directors (1.87%)	-	46,000,000

Note: The above amounts are the same as that estimates for 2019.

4. Retained earnings 2018 released as cash dividend to employees and fees for directors and supervisors:

Unit: NTD/share

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

Note: The amounts of remuneration actually paid to the abovementioned employees and directors are consistent with those presented in the financial statements for 2018, i.e. TWD 328,323,019 for employees and TWD 46,000,000 for directors.

(IX) Stock buyback

In 2019 and as of the publication date of the annual report, our company has not bought back treasury stock.

II. Corporate bonds

No corporate bonds that have not expired yet.

III. Status of preferred stock

None.

IV. Condition of GDRs

None.

V. Employee Stock Options:

The Company completed the employee stock options issuance in 2017. From 2019 through to the publication date of this year's annual report, no employee stock options had been issued.

VI. Issuance of New Restricted Stock for Employees

None.

VII. Issuance of New Stock from Merger or Acquisition of Other Companies' Stock

None.

VIII. Status of Capital Utilization Plan

Not applicable.



## Five. Review of Operation

### I. The business

#### (I) Scope of Operation

##### 1. Content of business

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

##### 2. Business distribution:

Unit: NTD1,000

Proportion Primary Products	2017		2018		2019	
	Sales value	%	Sales value	%	Sales value	%
Mother boards& graphic cards	50,151,215	83.75	49,327,587	80.97	48,874,963	79.11
Others	9,733,566	16.25	11,596,003	19.03	12,906,291	20.89
Total	59,884,781	100.00	60,923,590	100.00	61,781,254	100.00

Note 1: The above table shows net sales revenues.

##### 3. Current products:

- (1) AORUS gaming tactical products.
- (2) All Core 5GHz+ Ultra Performance Motherboard.
- (3) Real Time Ray Tracing Technology High Performance Graphics Card.
- (4) AI smart pens, notebook computers.
- (5) AI solution cloud server.
- (6) 5G architecture integrated solution server.
- (7) Ultra illuminating peripheral products.
- (8) Optoelectronic products.
- (9) IoT application system solution.
- (10) Automotive electronics
- (11) Smart living application product.

##### 4. New product development plans:

- (1) AORUS gaming tactical products.
- (2) High-end series of motherboard for the most updated platform.
- (3) New-generation super series professional graphics card.
- (4) New-generation AI premium creator laptop.
- (5) New-generation AI high-performance gaming laptop.

- (6) New-generation Intel, AMD, ARM64 server series.
- (6) Ultra illuminating peripheral products.
- (7) Latest AI cloud solution.
- (8) Innovative PC peripherals.
- (9) Optoelectronic products.
- (10) IoT application system solution.
- (11) Automotive electronics
- (12) Smart living application product.

(II) Industry Overview:

1. Industry status and developments

Market research institutions IDC and Gartner reported in 2019 that the global PC market finally saw stable growth performance again throughout the year, since 2011. IDC projected a global PC shipment of approximately 270 million units in 2019 with annual increase of 2.7%. Gartner estimated an annual shipment of 260 million units, with annual increase of 0.6%. Although the numbers differed slightly, both IDC and Gartner drew the same conclusion with regards to the current development trend of the PC market. In the first quarter of 2018, the global PC market began growing again ever since its growth 6 years ago. Nevertheless, the PC market grew throughout the entire 2019, marking the first all year-round growth since 2011. The PC market was positively affected by the end of Microsoft's support for Windows 7 update, which drove a demand for upgrading to Windows 10. Furthermore, a shortage of Intel® processor occurred in mid-2019, at which point the market began considering using AMD® processor, which eased the situation a bit. Meanwhile, the easing of the global trade tension also helped the market to grow steadily.

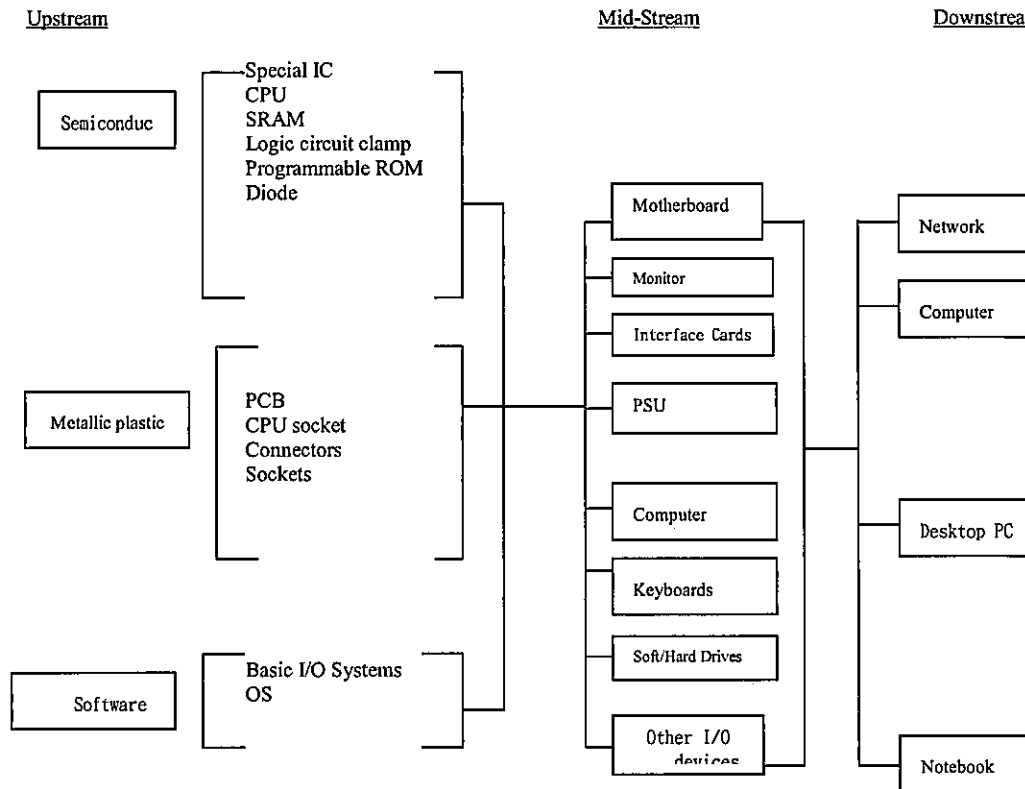
In 2020, eSports became popular, new-generation products such as Intel®, NVIDIA®, and AMD® were introduced, and the Chinese government introduced a policy for promoting safe and controllable PCs that are manufactured locally. These events are expected to prompt the replacement of PC operating systems, and all year round growth of the market is anticipated.

The availability of a full spectrum of gaming experiences has led to the diversification of gaming monitors as increasingly more types and brands of gaming dashboards are being introduced. As a result, the growth momentum of the market is expected to continue in the next few years. According to the latest surveys, shipment of gaming monitors increased by more than 50% in 2019 as compared to 2018. Meanwhile, product features and enhancement are the focus of development. Gigabyte introduced the world's first-ever tactical gaming monitor combining six major patents and innovative technologies. The gaming monitor has won Computex and multiple other awards domestically and internationally. It delivered excellent sales performance, with more room for improvement projected in 2020.

The growth of the server market slowed down in 2019 due to global trade trends, relocation of production lines, and other factors. However, the demand for servers recovered slowly in the second half of 2019 as the trade tension between China and the United States gradually eased. Nevertheless, data center remains the main driving force of the market. Market forecast shows that the first quarter of 2020 is affected by delays in some parts of the supply chain. Although server shipment is affected, the pandemic accelerated increase in demand for more remote online services. In general, demand for cloud infrastructures will increase rather than decrease. If the pandemic can be controlled in the second quarter of 2020, shipment is expected to recover and the server market will still maintain a growth outlook all year round this year.

The global market in 2020 was affected by the coronavirus disease. Although the post-market visibility remains unclear, we predict that delayed demand will emerge slowly as new-generation products are being introduced. Moreover, the vigorous development of gaming peripherals and server market predicts outstanding business performance this year.

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



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

## 3. Product trends and competition

### (1) Product development trend

Thanks to the advancement of semiconductor techniques, a complete line of new-generation products such as Intel®, NVIDIA® graphic cards, and AMD® in 2020 as well as Gigabyte's new products this year will be both exciting and mind-blowing. Our products are based on printed circuit boards that create a full spectrum of tactical gaming product experiences by using Gigabyte's main specialization in innovative research, development, and high-quality performance coupled with a full series of award-winning tactical products. The AI-integrated and Xrite™ Pantone® calibration-certified AERO laptop series and DESIGNARE memory series, which are one of its kind in the industry, are the best action platform of content creators. The products will also be extended to include digital interactions such as VR, AR, and MR to create VR interactive scenarios that will lead everyone in the future of technology.

The hottest trending topic throughout 2019 is 5G! A broad and diverse range of practical applications is developed through the integration of automated objects, AI, and edge computing, illustrating a desirable future of smart living. Gigabyte

integrates the technologies it has developed over the years across different domains and disciplines. Specifically, it integrates AIoT and smart cloud services to develop a new generation of product integrated services, including smart agriculture, smart retailing, smart recognition, and smart living. The cross-domain smart agricultural IoT developed by Gigabyte is able to reflect and predict ecological and environmental factors in real time. The application comprises soil moisture, temperature and growth analysis, and integrates with cloud linkage of back-end data center to conduct monitoring and big data analysis for production optimization. For convenient lifestyle services, GIGABYTE industrial computers are also used in smart try-on mirror. By creating complete facial AR/VR, and using 3D lens experience in real time for future try-on simulations, these computers generate data that can be used to optimize business decision management. In addition, facial recognition is also used together with big data on smart signage and security access control to analyze traffic flow for precision marketing or security protection. These brand-new software/hardware integrated solutions realizing the most popular trending technologies one by one reflect exactly Gigabyte's new-generation smart living circle that lives up to and even surpasses customers' expectations.

In a smart era of Internet of Everything, corporate business to personalized services are converged and integrated in a data center for storage, computing, and analysis. A data center plays the most important role in the future of technologies. In recent years, Gigabyte has been committed to the research, development, and integration of smart cloud services, providing best solutions to service characteristics of various applications including big data, AI computing, hyper-converged computing framework. These solutions are widely accepted by customers in the market and also contribute to continuous profit growth. This year, the Industrial Technology Research Institute (ITRI) combined G5 iMEC software integrated network and cloud virtual technology, created core mobile network services, and provided the MEC edge computing platform, transforming Taiwan into a pioneer of 5G technologies. Furthermore, AI deep learning training is a smart application required for future corporate transformation and for bolstering corporate competitiveness. Gigabyte also continues to work closely with ITRI on this project. By using Gigabyte server for computing performance, we attempt to build a deep learning environment where automated parameters and computing model accuracy are calibrated to greatly improve computing efficiency and shorten training time and integrate different smart services, thereby satisfying the needs of enterprises for rapid transformation.

Autonomous vehicles are now extremely popular. Gigabyte is invested in the research and development of automotive electronics to drive into a new world of smart transportation in full speed. We developed a self-driving decision controller PILOT, which is used in self-driving buses to control the bus (e.g., stop, accelerate or decelerate, turn left or right). The Gigabyte PILOT family is an excellent product of our R&D initiatives on the most important design (performance, functionality, and safety) of self-driving cars.

As Gigabyte continues to pursue sustainable operations, "Upgrade Your Life" is the guiding principle and goal that we continuously aim to achieve, not only focusing on the industry but also on the sustainable values in the economical, environmental and social context. To that end, we are aggressively operationalizing

our “Reduce, Share, Love the Earth, Collaborate” sustainable development strategy. In regards to products, starting from the original design, we have taken into account the effect of carbon emission, successfully implementing packaging for the eSports notebooks made of 100% agricultural waste like rice husks. In regards to the environment, we have continued working with the UNEP-approved Plant-for-the-Planet foundation to kick start the “Make Earth Green Again” program, working hand-in-hand with the consumers and collaborative partners to make the mission of “Upgrade Your Life” a focal point for all of us.

(2) Competition

The PC market was saturated and competitive for many years. The gaming market quickly outgrew the high-performance PC market. At one point in time, manufacturers specialized in gaming products, which provided a focus for the PC business to move forward. Following years of development, the gaming PC market developed vigorously from desktop computers, laptops, peripherals, monitors, and the underlying eSports games, forming a complete industrial ecology. The market slowly matured in 2019. Although it continued to grow, the extent of growth remains incomparable to the past because of market competitors and other related factors. In recent years, Gigabyte and Intel have vigorously promoted creator PCs in smart laptops, first followed by PCs and peripheral products. Recently, manufacturers generally believe that creator PCs will drive the next wave of growth of the PC market. Intel also indicated that the gaming industry had not yet matured a few years ago, nor did it realize at the time that the industry could develop so rapidly. In addition to gaming PCs, gaming monitors, mouse, peripherals, and platforms have also been established, forming a complete industry chain. In the next few years, the creator market is expected to cast a different picture.

Gigabyte has always continued to research and develop product functions are the completely in line with consumers' habits and provide the most suitable product experiences and services. Through user interaction and experience sharing, we satisfy the needs of different people and create the most desirable value for customers by combining smart analysis with cloud computing.

(III) Technology and R&D:

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

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

Unit: NTD1,000

Subject	2018	2019	By March 31, 2020
R & D spending	1,868,136	2,020,307	557,588

Source: Consolidated financial report certified (audited) by CPA

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

(1) 2019

a. Top notch mainboard on the planet

Continue to satisfy esports players with optimal gaming experience and meet overclocking enthusiasts' demand of product performance and high stability.

① Regarding power supply design, GIGABYTE Z390 motherboard is the first flagship product in the industry that uses 16-phase IR digital power. Coupled with 8+8 Solid-pin CPU Power Connectors, the motherboard offers incredible precision in delivering power to the motherboard's key components and unleashes the extreme performance of the latest Intel® 8-core processor, allowing enthusiasts to obtain the absolute maximum performance from the all core 5GHz technology and truly achieve control over the motherboard with the new processor performance.

② Regarding heat dissipation design, the GIGABYTE Z390 AORUS XTREME WATERFORCE uses an unprecedented innovation heat dissipation design. With an all-in-one water-cooling thermal design, the product not only provides the most perfect heat dissipation solution for processors, VRM, chipset, and M.2 SSD to ensure system stability and low temperature under full loading application and gaming. With stylish exteriors and built-in dual lighting effect in digital RGB light design, the product can assist gamers or liquid cooling enthusiasts to build the most high-quality, personalized liquid cooling heat dissipation system. This well-designed product won the 2019 Red Dot Design Award.

b. Industry-leading graphics card

Launched new generation AORUS high-end graphics card equipped with various patented innovative technologies. Coupled with industry's highest grade display chip based on Turing architecture, it creates the market's only RGB three-ring dynamic lighting effect that takes advantage of the persistence of human vision, to perfectly present the ever-changing amazing effect. Self-developed comprehensive heat dissipation system equipped with patented stack fan that provides smooth airflow and unique blade fan design, effectively increases heat dissipation. Exclusive 7 display output ports, for consumers to easily connect to 3 HDMI displays or 3 DP displays. Gamers can enjoy AORUS graphics card's top-end computing performance, as well as an exquisite visual feast and user experience.

① This year, Gigabyte launched the world's first real-time ray tracing and AI graphic card for its

AORUS RTX 2070 Gaming Box. With its compact and stylish design, the product is small and easy to carry. The built-in NVIDIA Turing architecture graphics card GeForce RTX 2070 and Thunderbolt™ 3 plug and play for high-speed transmission not only enable the 3D graphics capability of ultrabook laptop PC but it can also turn the ultrabook laptop PC into a gaming platform with real-time ray tracing and AI, allowing consumers to enjoy a new generation of ultimate gaming experience anytime, anywhere.

② Gigabyte launched the the Radeon™ VII graphics cards built upon the world's first 7nm gaming GPU

Using the 7nm processor technology and based on the second-generation AMD "Vega" architecture, Radeon™ VII is equipped with 3840 stream processors and 16GB of ultra-fast second-generation High-Bandwidth Memory (HBM2).

It is designed to deliver exceptional performance and amazing experiences for the latest AAA, esports and Virtual Reality (VR) titles, demanding 3D rendering and video editing applications, and next-generation compute workloads.

c. Industry's innovative cloud server

① AI solutions research and development

Developed various server product lines to support massive GPU/FPGA parallel acceleration, with the aim to increase the computational efficiency in artificial intelligence training. It also makes use of enterprise products across stations/terminals, by launching corresponding AI terminal products, from workstations that support standard PCIe card (influence card) to mini computing modules powered by algorithms. In addition, developed all-flash array storage infrastructure products to provide more complete and highly-efficient AI suite products, and provide customers with optimal flash storage and computing advantages, as well as solve complex system maintenance problems such as isolated data island, speeding up customers' future discovery and insight. This solution helps National Cheng Kung University to come in first in the international "High Performance Computing and Artificial Intelligence (HPC-AI) Student Competition" and Fan Favorite award in "Germany's ISC Student Cluster Competition", one of the world's top three computing competitions. This is the glory of Taiwan! This is the glory of GIGABYTE!

② 5G architecture integrated solution

5G mobile network is not merely a simple hardware upgrade for improving network speed; it also involves multiple conditions and requirements, such as network speed, lag, the number of connected devices, and service quality. This network is a cross-domain network service architecture designed for future lifestyles. Currently, 5G architecture deployment is mainly driven from open-source software and hardware, followed by refurbishing the network architecture. It upgrades small cell technologies, deploys to the terminal and then gradually to SDN hardware with the server as the main body. GIGABYTE has 20 years of experience in hardware supply in vertical application, and cooperates with 5G chipset manufacturers, national research and development teams, and networking software startups. With its early preparation targeting compatibility and software and hardware optimization, it takes the lead in 5G commercial operations, and seizes business opportunities in Enhanced Mobile Broadband (eMBB) and business-critical services with terminals and SDN products.

③ Cooperates with AMD in launching EPYC™ platform

Due to EPYC's excellent cost performance, GIGABYTE has since the launch of its first generation EPYC, made foresight planning in establishing EPYC product lines development. Since the launch of AMD's second generation EPYC projects, it has been involved in complete development work. In 2018, together with AMD, it launched server product lines such as computing, storage, high-performance computer, hyperconverged infrastructure, etc., in the world, as well as developed GPGPU Server for AMD platform, providing more flexible GPU solutions.

d. AI gaming laptop

Gigabyte continues to pursue excellence in the research and development of AORUS gaming laptop PCs. In an increasingly competitive gaming laptop market, Gigabyte persists in their quest for high-end performance, with a focus

on producing new product lines that meet customers' needs. Powered by All Intel® Inside technology and the NVIDIA® GeForce RTX™, the world's first AI gaming laptop technology, AORUS gaming laptop PCs will provide the ultimate laptop gaming experiences. Launching gaming laptop PCs with real-time ray-tracing technology enables the end goal of gaming graphic technology to be realized. This technology can simulate the physical behavior of light to bring real-time cinematic-quality rendering to even the most visually intense games like never before.

e. Ultra compact PC Champion Brix™

As an important member of Intel® IoT Solutions Alliance, GIGABYTE is one of the indispensable cores of the vibrant development of the Internet of Things (IoT) computing market. We have developed various innovative reference designs for Intel® new platform, and will further expand to launch a high volume of professional IoT products and optimized solutions for customers. Featuring industry-leading performance and security, outstanding product quality and highly flexible input/output (I/O) design, GIGABYTE BRIX™ IoT is very suitable for various types of IoT applications.

f. Gaming peripherals that won numerous awards

①The world's first tactical gaming monitor, AORUS AD27QD, combining multiple exclusive features and patented technologies, is a 27 inch flat screen frameless monitor. It uses an IPS panel with QHD (2560x1440, 2K) resolution and a 144Hz refresh rate in 1ms (MPRT) response time. Not only is the view angle up to 178 degrees, it also meets 95% DCI-P3 standards along with 10 bits color; it has also passed VESA certified DisplayHDR 400 standards, enabling the tactical AORUS AD27QD gaming monitor to give users spectacular display quality. More importantly, the monitor has numerous exclusive tactical features, such as Black Equalizer, Aim Stabilizer, GameAssist, hardware navigation AORUS Dashboard, OSD Sidekick, and the world's most unique feature of all, the Active Noise Cancelling (ANC) function, all of which are designed to let gamers defeat their enemies in the game and gain the ultimate victory. AORUS AD27QD won the Computex 2019 Innovative Design Award and was rated as the Best Design in the Computex Best Choice (BC) Award, proving that this product is not only a high-end tactical equipment for gaming, but also a masterpiece of sophisticated craftsmanship.

②Breakthrough PCIe 3.0 efficiency limit, GIGABYTE launches AORUS RAID SSD 2TB solid state drive

Gigabyte launched the AORUS RAID SSD 2TB AIC Expansion Card which delivers up to 6.2GB/s read/write speeds through the PCIe Gen x8 interface. With a RAID controller and four built-in 512GB NVMe M.2 SSDs, it outperforms traditional PCIe 3.0 NVMe SSDs by over 1.8 times. AORUS RAID SSD 2TB features large internal cooling fins, a dual sided thermal pad, M.2 baseplate, and an active cooling design. Using the AORUS Storage Manager, gamers can monitor and adjust their SSD operating status at all times!

③AORUS Memory Boost function enables easy performance upgrade, provide industry's ultimate lighting fluency

The latest AORUS RGB MEMORY 16GB 3600MHz memory uses DDR4 XMP 3600 16G (8GB\*2 design. Pairing the new AORUS RGB Memory with carefully selected GIGABYTE motherboards enables the use of the AORUS Memory Boost to accelerate DDR4 speeds to 3733MHz for superior memory performance. It also features the new Wave2 rainbow mode that allows gamers



to customize lighting configuration for the system and other components, and create unique personal styles.

g. Innovative digital application - Smart Life

Developed cross-domain smart agricultural IoT that is able to reflect and predict ecological and environmental factors at real time. It comprises soil moisture, temperature, and growth analysis, and integrates with cloud linkage of backend data center to conduct monitoring and big data analysis, optimizing production efficiency. For convenient lifestyle service, GIGABYTE industrial computers are also applied on smart try-on mirror. It creates complete facial AR/VR, and uses 3D lens experience at real time for future try-on simulation, generating optimized data for companies in decision management. In addition, facial recognition is also used together with big data on smart signage and security access control, analyzing traffic flow for precision marketing or security. With the exchange of diverse smart technologies, we also cooperate with the smart glasses industry by combining AR/MR technologies with GIGABYTE hardware computing analysis, and produce services of better digitization, and higher efficiency and precision. GIGABYTE Smart Life makes use of innovative technologies as its basis for upgrading life. With one-stop integration for tracking of every step, it simplifies modern lifestyle and workload.

(2) By the report publication date

a. Top notch mainboard on the planet

GIGABYTE X570 AORUS XTREME motherboard is based off the new AMD X570 chipset. In addition to offering support for the new PCIe 4.0 architecture to deliver ultra-high transfer speeds, it is also equipped with extensive functions. The motherboard packs a 16-phase digital power design for the most stable power management along with Fins-Array stacked fin heatsink technology, Direct Touch heatpipe, and a Nanocarbon baseplate for advanced cooling. The first fanless thermal design earned much praise for its ability to keep temperatures low even under high load operations and enables users to extract the full potential from their 3rd gen. AMD Ryzen™ processors. The X570 AORUS XTREME has also won the iF design award 2020.

We expect to develop a new generation of Intel®400 series motherboard.

We expect to develop a new generation of AMD® Zen 3 series motherboard.

b. Industry-leading graphics card

Gigabyte has developed the new-generation SUPER™ series chip graphics card featuring more CUDA core counts and better performance frequency, including GeForce® RTX 2080 SUPER™, GeForce® RTX 2070 SUPER™, GeForce® RTX 2060 SUPER™, GeForce® GTX 1660 SUPER™, and GeForce® GTX 1650 SUPER™ among other gaming graphics card. The SUPER™ series graphics cards are built with GIGABYTE WINDFORCE cooling system, anti-turbulence alternate spinning fans, unique blade fan, composite heat-pipe with direct contact GPU, and 3D active fan. Gigabyte has created new water-cooled design series, GAMING OC WHITE series, TURBO series and WINDFORCE OC series for Triple fan or Dual fan, providing gamers with more diversified choices to build their own battle station. This year, Gigabyte will also launch the EAGLE series designed exclusively for young gaming enthusiasts in pursuit of uniqueness and innovation, as well as a new graphics card series crafted for creators.

Gigabyte has developed the AORUS Radeon™ RX5700 XT premium gaming graphics card, which is built upon the RDNA architecture. The product is equipped with the WINDFORCE 3x cooling system with alternate spinning fans.

It uses 7nm processor technology and supports PCI Express 4.0 transmission interface, delivering excellent powerful performance. Coupled with RGB Fusion 2.0, protection metal backplate, and GIGABYTE certified ultra-durable materials,

the AORUS Radeon™ RX5700 XT enables gamers to experience top computing performance of AORUS and overwhelming aesthetics in a smooth working state. We expect to develop a new generation of NVIDIA® premium gaming graphics card.

We expect to develop a new generation of AMD® premium gaming graphics card.

c. Industry's innovative cloud server

Gigabyte is the only brand in the industry to propose a complete line of platformed products after the market introduction of AMD® Zen platform. Following the success of the AMD® processor in the market, Gigabyte also gained widespread response as seen by its increased market share. Feeling unsatisfied still, Gigabyte will in the upcoming year further expand products that support AMD® processors, thereby widening the gap with its competitors:

-We will introduce root-of-trust (RoT) chip in GIGABYTE R series server in advance to prepare for the complete introduction of the next generation products, providing future consumers with safer options of Internet devices.

-We will integrate all types of heat dissipation technologies in GIGABYTE H series server products, including water cooling, oil cooling, and immersion cooling. Given the increase in computing frequency, high-temperature components in the market, and user environmental challenges from 5G mobile networking, Gigabyte will introduce solutions that are no longer confined to computing, but instead it will focus on providing customers with complete sets of computing devices.

-We will introduce AMD®A+A product portfolios in G series server. AMD®ROME processor and Radeon graphics accelerators are the only commercial x86 computing product supporting PCIe 4.0 high-speed convergence. The market's first GIGABYTE ROME server product supporting AMD®Radeon graphics accelerators not only provides options of faster AI products and supercomputing, but also ends the monopoly NVIDIA® has had in the accelerator market.

-Based on the hardware cross-generation compatible design of the AMD® platform, Gigabyte will complete the software and firmware technologies that support next-generation processors, and provide samples of the new-generation AMD® products for testing before launch and for global distribution.

-We will simultaneously plan AMD® products and start introducing AMD® next-generation Radeon graphics accelerators for application in server products. The new-generation GIGABYTE G series server will provide products that support PCIe expansion slots and meet OAM standards.

-Since the global launch of the first ARM64 server in 2013, Gigabyte has been the pioneer of ARM servers. For this reason, Ampere Computing the chip maker sought assistance from Gigabyte at the start of its product development. On March 3, Ampere unveiled its first Altra processor and provided clients with samples of the R272-P30 server for development. Apart from ARM64 CRB product, Gigabyte also cooperated with Ampere Computing in a chip development project to develop a series of products powered by the Altra platform, including terminal servers for 5G network edge computing. In addition to working with Ampere Computing to launch the world's first ARM64 server

fitted with PCIe 4.0, Gigabyte also joined forces with other major manufacturers of ARM, such as Qualcomm® and NVIDIA®, to continuously introduce server products for network acceleration or AI computing.

Given the increase in components with higher computing frequency in the market and user environmental challenges from 5G mobile networking, Gigabyte will introduce solutions that are no longer confined to computing; instead, it will provide total solutions that include cooling system designs. Gigabyte will also integrate different heat dissipation technologies in Intel® and ARM products, in addition to AMD®, and in server racks that meet OCP regulations. Thus, we provide consumers with a greater diversity of product options, thereby rendering a true one-stop shopping service.

d. AI gaming laptop

Gigabyte is widely recognized as the developer of premium creator laptop PCs and high-performance gaming laptop PCs. At the 2020 International CES, which is the largest consumer electronics exhibition in the world, we showcased a full series of our laptop products, including the made-for-creators AERO series and the hardcore gamer AORUS series.

-The latest AORUS 17, featuring the world's first laptop to equip OMRON® mechanical switches, provides gamers with sensational keyboard feedback and luxurious even backlit keys. Visitors will also find concept models such as the ultra-thin OMRAON based mechanical keyboard, giving keyboard lovers unlimited room for imagination. GIGABYTE also announced in advance that in 2020, more mechanical keyboard based AORUS members will be introduced for gamers at the top of the pyramid.

-GIGABYTE launched the AERO 15 OLED and AERO 17 HDR laptops for creators. The AERO series laptops not only have powerful performance that can greatly reduce media processing times, they are also the world's only laptop with X-Rite™ Pantone® calibration certified, guaranteeing accurate display colors. The portability for creators are also fine-tuned, by equipping the AERO with a large 94 Wh battery in an ultra-portable chassis, giving creators an extended 8 hours of battery usage to create anything anywhere. Laptops built with Microsoft Azure AI provide users with the best and the most perfect user environment for job creation or gaming experience.

e. Gigabyte launched the world's first tactical gaming monitor:

AORUS AD27QD

-For gaming monitors, in addition to continuing the high-order product line of AORUS, this year, GIGABYTE launched multiple new gaming series monitors, one of which is the ultrawide 21:9 1000R gaming monitor featuring a 1000R curved display, a curvature that matches perfectly the curvature of human vision. The monitor provides excellent immersive gaming feel and also incorporates GIGABYTE tactical monitor functions. In addition, we will also launch the KVM+ cross-platform switching monitors that are uniquely innovative to GIGABYTE. With our innovative KVM+ technology, the monitor with its keyboard and mouse enables users to conveniently operate different platforms such as mobile phone, tablet computer, laptop, desktop PCs, etc, with different operating systems, including Windows, Mac OS, iOS, and Android, thereby becoming a true operating center equipped with all types of information equipment platform.

We launched more advanced high-end gaming products for the perfect gaming experience:

-We developed the AORUS K1 gaming keyboard with quality that matches the high quality requirements of previous products. AORUS K1 is equipped with the German CHERRY MX key-switch with a service life of up to 50 million keystrokes. The keyboard is simple and features floating key design for easy cleaning, braided cable and cable-routing design, multi-layer fast function keys, all key programmable with on-board memory, and RGB Fusion 2.0 lighting customizable function. Along with the entire AORUS system, the keyboard can be easily customized using a single software operating interface. AORUS K1 is crafted for professional gamers and provides better gaming experience.

-Gigabyte launched the flagship AORUS C700 GLASS case. In addition to different RGB lighting designs in the exterior, the glass case features a durable 4mm tempered glass side panel designed with elements symbolizing the spirit of AORUS, an attractive exterior, and an internal capacity that is greatly increased to not only provide maximum support to E-ATX motherboards but also satisfy the needs of advanced gamers. Furthermore, the case is compatible with up to 420 mm fans and liquid cooling radiators and features spacious interior and customizable configurations to eliminate installation and compatibility problems. Users can easily build a high-performance gaming platform with excellent cooling effect.

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

Short-term plan:

(1)Market

Target high-growth markets such as gaming and creators, continue to expand width and depth, develop products designed to meet user requirements, with features such as personalization, intelligentization, high efficiency and ease of use, and implement brand spirit, "Upgrade Your Life!" to all over the world! In terms of cloud server market, cloud and AI demand is still strong, and 5G application demand will grow. GIGABYTE is confident to continue to drive the growth in both revenue and profitability.

(2)Product

Expected to develop diverse new generation products and services on open platform: AORUS gaming peripherals, new generation top series motherboard, new generation high-end gaming graphics card, innovative computer peripherals and world's first tactical gaming monitor. System platform comprises: Brix ultra-slim laptop and AI laptop. Cloud applications comprises: Server products such as 5G application series, AI cloud computing series, hyper-converged infrastructure series, big data storage service series, enterprise IT architecture series, etc. Smart applications comprises: AIoT application system solutions, smart recognition services, automotive electronics, photoelectric integration related application products, etc. Continue to integrate software and hardware, add new product elements, satisfy different user groups.

(3)Marketing

AORUS will continue to lead the gaming market with its passionate and stunning product trend, while GIGABYTE will adhere to produce high quality and high efficiency products in the channel. In recent years, it has successively developed 5G, cloud computing, AIoT and smart applications, so as to cater customers with comprehensive products.

(4)Sales Channel Establishment

Besides expanding the operating model to B2B2C and strengthening traditional channel marketing of existing distributors, we also cooperate with e-commerce, and

make use of e-commerce platforms to expand sales and shopping guides, as well as carry out precision segment marketing and services. The new model can effectively transform competition into strength, as well as drive the growth of brand and operational performance.

(5)Manufacture

With the uncertainties of the US-China trade war and long-term impact of the pneumonia outbreak, GIGABYTE continues to enhance automation and intelligitization in Taiwan manufactured products, resolve manpower problems in the short run, and reduce trade risk and production cost in the long run.

(6)Service

Continue to make use of AI technologies, accurately meet and satisfy customers' needs with smart service methods that combine virtuality and reality. We make use of innovative technologies such as smart recognition technologies, smart lockers, smart customer service robots, etc. to further increase customer satisfaction.

(7)Social Responsibility

The vision of promoting sustainable development begins from GIGABYTE's corporate mission, "Innovative Technologies, Upgrade Your Life", and we have established 4 major sustainable development policies. Based on our expertise in research and development, and innovation capabilities, we have developed low-carbon technologies. Since the launch of the Green Action Plan, we have reduced more than 40% of carbon in the past decade, far exceeding the original target. We also actively respond to Science Based Targets initiative (SBTi) and Task Force on Climate-related Financial Disclosures (TCFD), and strive to meet international climate targets and strategies, to generate more significant performance. We also organize international climate workshops for the future generation of Taiwan to learn about the global climate change crisis, and practice sustainability. GIGABYTE Technologies continues to provide friendly products and services, and care for the society. We take active effort for the good of the people, environment, and society, and for the sustainability of the earth!

Long-term plan:

- (1) Gigabyte focuses on gaming and other durable high-performance markets. Leveraging the leading status of AORUS, we continue to translate consumers' expectation into high-end tactical products that create a full spectrum of product experience in tactical gaming and transform our advantages into a competitive edge for the company.
- (2) Gigabyte continues to engage in diversified development, using our years of R&D experience to introduce different innovative products, including 5G, AIoT, AI, edge computing, smart living, and cloud application services, extend market opportunities from different areas, expand our business operation, and continue to create profit and growth opportunities for the company.
- (3) In a fast-changing market, Gigabyte continues to engage in smart transformation, integrate corporate operations with machine learning, big data, and other innovative technologies, and optimize business efficiency. Gigabyte upholds the principle of making use of innovative technologies as its basis for upgrading life, continues to make improvements, and became the winner of all time.

## II. Market and Sales

### (I) Market Analysis

#### 1. Main product (service) market regions:

To further expand company's performance, improve channel management and strengthen customers' satisfactions, we have service sites all around the globe including Western Europe, Eastern Europe, China, Northeast Asia, Southeast Asia, Australia,

India, Middle East, North America, South America and Australia in order to provide after-sales, product and consulting services.

Sales volume and value over the last three years:

Unit: NT\$1,000

Region	Year	2017		2018		2019	
		Amount	%	Amount	%	Amount	%
Asia		23,888,974	39.89	23,086,287	37.89	22,631,182	36.63
Europe		19,050,960	31.81	21,073,660	34.59	21,018,146	34.02
North America		9,857,624	16.46	11,421,629	18.75	12,903,626	20.89
Other regions		4,405,701	7.36	3,457,737	5.68	3,579,577	5.79
Domestic sales		2,681,522	4.48	1,884,277	3.09	1,648,723	2.67
Total		59,884,781	100.00	60,923,590	100.00	61,781,254	100.00

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

### (1) Market Share

Gigabyte is inherently committed to cultivating the sales market. Thanks to our positive brand image and word of mouth, we have always maintained the first or second place in the motherboard market. Our AORUS high-end gaming products and tactical series products have received multiple international awards, thereby further solidifying our leading position in the industry. Gigabyte actively develops 5G technologies along with AIoT, edge computing, hyperconverged computing architecture, and various smart cloud services, which is why we are continuously growing in the cloud server market. Gigabyte aims to continuously strive toward becoming the second largest distributor in the industry and the most competitive brand in the market, with satisfactory services, leading performances, and innovative products.

### (2) Market Supply

With the rapid advancement of semiconductor technologies, AMD® and NVIDIA® have launched new high-performance products in 2019. Influenced by the fierce competition in the CPU market, the overall PC market delivered outstanding performance in 2019, finally putting an end to its years of weak growth. A new wave of business opportunities and stronger growth momentum in the market can be expected in 2020, following the announcement of new-generation Intel®, NVIDIA®, AMD® products, the introduction of new eSports games, the convergence of CPU shortage problems, and the successive completion of high-order product lineups for gaming and content creators.

Cloud, Big Data, and Internet of Things are super popular in recent years, with 5G applications adding to the speed and scale of market explosion, which suggests that 5G networks will be the biggest and most popular market player in the future.

### (3) Market Demand

The end of Microsoft's support for Windows 7 has driven a demand for upgrading to Windows 10, which positively affected the overall PC market in 2019. IDC projected that the global PC shipment will reach 270 million units, growing annually at 2.7% all year round. According to growth numbers projected by NVIDIA® and AMD®, the replacement of PC operating systems is anticipated given the constant pursuit of high performance in the PC market, the continuous increase in demand, and the enforcement of the Chinese policy

for promoting safe and controllable PCs that are manufactured locally. Despite the short-term impact of the coronavirus disease, we believe that the delayed demand will emerge slowly as new-generation products are being introduced and as the epidemic situation improves. Coupled with the growth momentum of the server market, market demand is expected to grow against the trend.

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

a. Industry development and vision

Favorable Factors	Unfavorable Factors	Countermeasures
<ul style="list-style-type: none"> <li>●By dint of new operating mode, new platforms, new architecture, new technologies and new services, niche products of high quality, high performance and high value can be continuously introduced to meet market demand.</li> <li>●With the advent of eSports development, Gigabyte's top-notch eSports brand AORUS continue to extend its reach and depth in the market, leading double digit growth.</li> <li>●Market growth is facilitated by the rapid development of various smart cloud computing applications (e.g., 5G, IoT, block chain, big data, AI computing, hyperconverged computing architecture).</li> <li>●We have production capacity that can provide high quality, great flexibility and low cost.</li> <li>●Continue to strive towards "Reduce, Share, Love the Earth, Collaborate" and produce friendly products, services and care for the society. Actively create sustainable value to achieve our goal of mutual benefit for the greater good fo Gigabyte, the environment and society.</li> </ul>	<ul style="list-style-type: none"> <li>●Mobile computing has slowly transformed consumer habits, driving the merging of and and cloud computing or the switch from land-based to cloud based computing; making the market ecosystem more diverse and complex.</li> <li>●The market and business operations have been challenged by the uncertainties from international politics and economics which have resulted in fluctuations especially in tax rates, exchange rates, prices of raw materials and logistics costs.</li> </ul>	<ul style="list-style-type: none"> <li>●Develop diverse and innovative productsbased on cloud technology, cloud application services, cloud servers and smart digital living. Respond to diverse market and application needs by providing specific solutions accordingly and enhance brand competitiveness.</li> <li>●Prepare for responsive action to be taken in the face of uncertain international politics and economics by appropriate adjustment of regional proportion, the flexibility and cost of locations selected for production.</li> <li>●The channel markets in various areas were scattered and were not vulnerable to fluctuations in a single area, resulting in operational dilemma. In order to reduce operational risks, in addition to improving the response speed of supply chains, it is necessary to pay close attention to market changes and strengthen the transfer of operational risks.</li> </ul>

b. Product development and operational management

Favorable Factors	Unfavorable Factors	Countermeasures
<ul style="list-style-type: none"> <li>● We have the top-notch and most innovative R&amp;D team in the industry, our products have won numerous international awards, and we can provide the most amazing product experience.</li> <li>● Gigabyte's core competence is to provide a comprehensive suite of smart living applications focused on the customer's needs. Conduct R&amp;D targeted at the software and hardware needs in diverse domains. Leverage digital interaction to create a fantasy space for an immersive user experience.</li> <li>● Turn R&amp;D and product advantages into brand and channel competitiveness to promote brand image.</li> <li>● Excellent corporate image, comprehensive management systems, financially healthy with sufficient capital.</li> <li>● Let green technology and product be the measures of our customers trust and reliance on Gigabyte. Increase the competitiveness of the Company's green technology and create more value for sustainable business operation.</li> </ul>	<ul style="list-style-type: none"> <li>● The stagnant growth of the PC market has reduced the profitability of the relevant industries.</li> <li>● Shorter product lifespans, rapid price fluctuations, consumer market demand, component supply, exchange rate fluctuations, changing cost of raw materials have added to the challenges faced by the business.</li> <li>● Export-oriented practice prone to Forex volatility.</li> </ul>	<ul style="list-style-type: none"> <li>● Continue diversified operations and the R&amp;D of diverse equipment and services while focusing on the stars of tomorrow – eSports and cloud computing. Implement the product and market diversification strategy to improve profit.</li> <li>● Leveraging our competence in R&amp;D, excellence in channels management and rapid and flexible response to market changes, the business management team has segmented the various markets and products, collaborating with first-rate international suppliers and using technology, standards, scheduling and service to stay ahead of the competition and seize market opportunities.</li> <li>● Pay close attention to Forex volatility and promptly adjust Forex position when appropriate to minimize exchange risk.</li> </ul>



c. Marketing

Favorable Factors	Unfavorable Factors	Countermeasures
<ul style="list-style-type: none"> <li>● eSports cards and peripheral products have the top position in many countries across the world. Where we are placed in 1st position, continue to maintain the lead with intensive relationship management and building.</li> <li>● Cloud applications and server market are developing vigorously. In future, integrating 5G and popular AIoT applications will facilitate market development.</li> <li>● With the market trending towards diversification, Gigabyte will conduct R&amp;R on the software and hardware needs of a diverse range of markets and professional domains to provide new and innovative products and solutions, for market satisfaction.</li> <li>● Generate 100% customer satisfaction through segmented marketing and after-sales service.</li> </ul>	<ul style="list-style-type: none"> <li>● With rapidly evolving market dynamics, in addition to industry competitors, we are now faced with opponents that could come from any domain, intensifying the competition and causing adverse effect on profit.</li> </ul>	<ul style="list-style-type: none"> <li>● Further cultivate the channel markets, pays close attention to market trends and product development, respond to segregation of different markets and products with by providing intelligent, personalized and customized products. By providing products catering to consumers' needs for personalization, we can keep away from price competition and quickly respond to and capture market changes to improve profitability.</li> </ul>

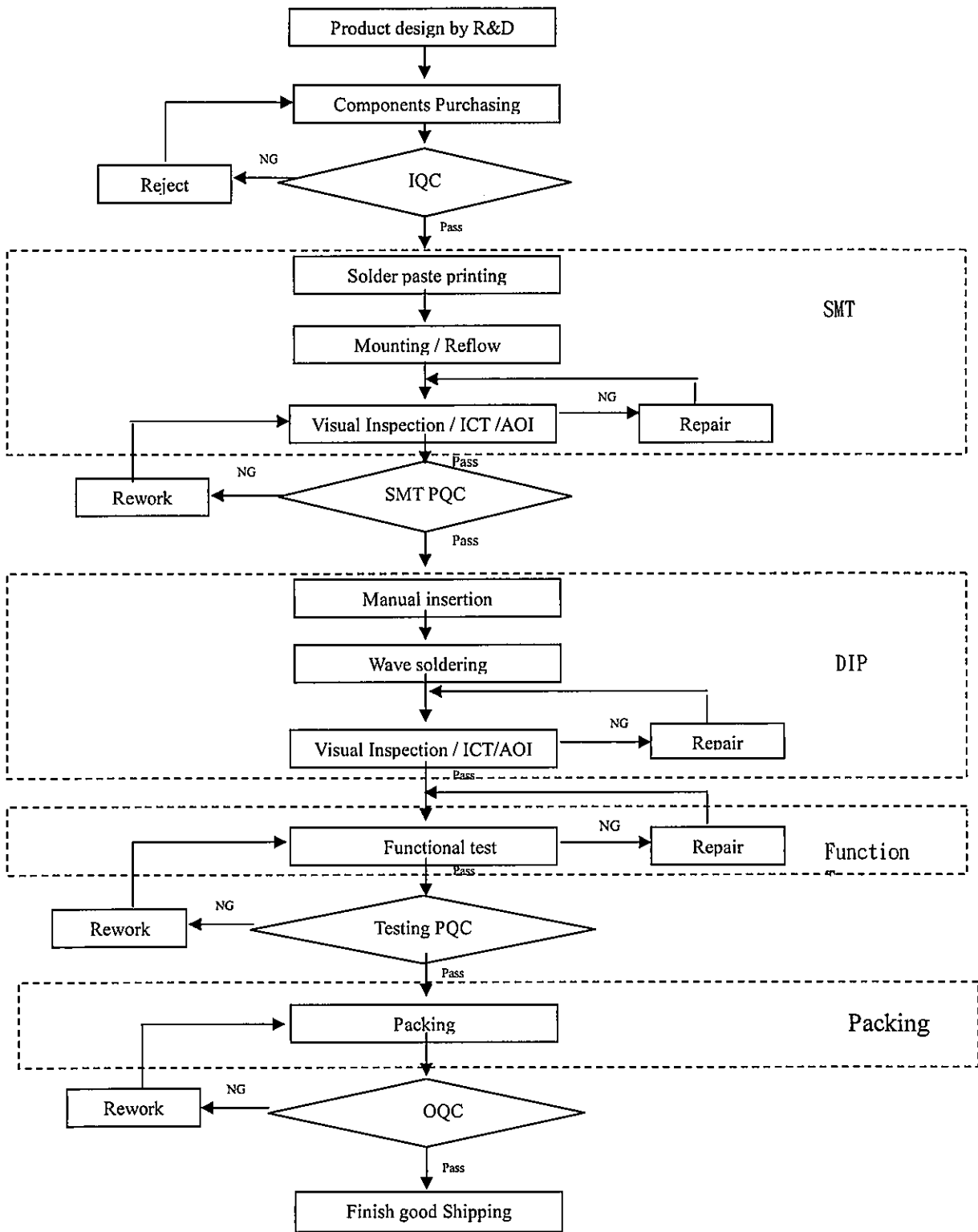
(II) Primary use and production process of premium products:

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

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

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

2. Production Process:



## (III) The supply of key materials:

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

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

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

Unit: NTD 1,000

No.	Name	2018			2019			2020 Q1				
		Amount	Percentage to annual purchase (%)	Relationship with the Company	Name	Amount	Percentage to annual purchase (%)	Relationship with the Company	Name	Amount	Percentage to annual purchase (%)	Relationship with the Company
1	Nvidia	18,192,633	38.91	None	Nvidia	16,451,439	31.63	None	Nvidia	5,587,944	32.78	None
2	INTEL	6,850,926	12.77	None	INTEL	6,290,475	12.09	None	INTEL	1,669,957	9.80	None
	Other	28,609,962	53.32		Other	29,272,610	56.28		Other	9,788,183	57.42	
	Total purchase	53,653,521	100.00		Total purchase	52,014,524	100.00		Total purchase	17,046,084	100	

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

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

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

Unit: 1,000 pieces; NTD million

Product	Production volume and value	2018			2019		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Mother boards & graphic cards		16,966	15,534	43,402	16,276	14,492	40,061
Others		956	2,157	16,477	719	694	15,877
Total		17,922	17,691	59,879	16,995	15,186	55,938

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

Unit: 1,000 pieces; NTD million

Product	Sales value and volume	2018				2019			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Mother boards & graphic cards		369	1,408	14,066	48,543	282	940	14,017	47,935
Others		-	1,352	-	9,621	-	709	-	12,197
Total		369	2,760	14,066	58,164	282	1,649	14,017	60,132

Note: This table lists net sales

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

March 31, 2020

Year		2018	2019	2020 March 31
Number of employees	Line personnel	693	720	702
	Supporting personnel	1,892	1,917	1,954
	Total	2,585	2,637	2,656
Average age		38.7	39.5	39.3
Average year of service		9.8	10.2	10.2
Education (%)	Doctorate	0.3%	0.3%	0.3%
	Master	14.4%	14.4%	14.8%
	University	68.6%	68.6%	68.5%
	High school	13%	13.7%	13.5%
	High school below	3.7%	3%	2.9%

Source: Statistical data compiled by Gigabyte

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

- (I) Losses and fines due to pollution in the most recent year: None.
- (II) Future responding strategies and possible expenditure:

In its 2019 Global Risk Report, the World Economic Forum (WEF) indicated that extreme weather events and natural disasters were the risks of greatest concern. On May 11, 2019, atmospheric carbon dioxide exceeded 415 parts per million (ppm), according to scientists from Scripps Institution of Oceanography and NOAA Mauna Loa Atmospheric Baseline Observatory. In September, Australia declared a state of emergency as wildfires bring a "catastrophic" threat to the entire Sydney area and the coast of East Australia. In November, Venice, Italy was flooded when the high waters exceeded a level of 150 cm three times. These events show us that the sustainable development of corporate operations requires a focus on climate risks.

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

Projected environmental protection spending three years ahead:

Currency: in NTD 1,000

	2017	2018	2019	2020
A. The content of anti-pollution equipment planned to procure or spending	<p>1.Continue to promote the Operation Gigabyte 333 and team up with suppliers to continuously reduce product emissions reduction for Earth—our home</p> <p>2.Complete the product life cycle and EIA system to reduce product carbon emissions.</p> <p>3.Optimize the energy on-line monitoring system, improve the VFD pump of the central air-conditioning system, development PV generation, and update the cooling equipment of the cooling tower.</p>	<p>1.We will promote use of carbon-free natural packaging materials to make our products environmentally friendly and consumer-friendly. This is not only sustainable, but also cost-effective, so that consumers can easily identify our products and form awareness in recovery and that Gigabyte's corporate purpose of "Revolutionize Technology, Beautify Life" can be served.</p> <p>2.Continue to promote GIGABYTE 333 reduction plan, in promoting "MFCA Material Flow Cost analysis" From a practical working surface waste reduction; External held "reduction • Share • Love the Earth Alliance" supplier of the General Assembly, and suppliers Share Gigabyte case actual reduction, sustainable development strategy and as a further invitation to suppliers to participate in Make Earth Green Again project to plant trees for the Earth, for the Earth sustainable dedicated force.</p> <p>3.We will continue to promote the "Green earth • create hope with trees" campaign and call on consumers' response to the one-laptop-for-one-tree campaign. As soon as consumers complete the registration</p>	<p>1.Launch Gigabyte's Reduce 333 program. Organize the "Reduce, Share, Love the Earth Alliance" supplier conference and share with the suppliers our "reduce" cases and our strategy and actions for sustainable development.</p> <p>2.Organize the "Friendly Product Design Competition" to coach and encourage tertiary students to be innovative use their creativity to design products that are friendly to the consumer, environment and society based on their concept of sustainability.</p> <p>3. Organize the "Climate Academy" to educate schoolchildren about the global climate crisis and inculcate in them the ability and courage to solve the crisis.</p>	<p>1. Promote sustainability funds to encourage consumption reduction within the group by providing awards and incentives such as Plant Reduction Award and rewards for those who propose reduction and low-carbon product ideas.</p> <p>2.Launch Gigabyte's Reduce 333 program. Organize the "Reduce, Share, Love the Earth Alliance" supplier conference and share with the suppliers our "reduce" cases and our strategy and actions for sustainable development.</p>

	2017	2018	2019	2020
		procedures online, Gigabyte will donate money needed in tree planting for the consumers to plant trees of hope for the Earth.		
B. Expected improvement	Effectively reduce waste quantity and carbon emissions, and enhance energy and resource efficiency.	Effectively cut cost, reduce waste quantity and carbon emissions, and enhance energy and resource efficiency.	Effectively cut cost, reduce waste quantity and carbon emissions, and enhance energy and resource efficiency.	Encourage partners in the value chain to work with us to reduce waste, water, carbon, and plastic, and bring new opportunities and social value for the company.
C. Amount				
- environmental protection spending	37,235	34,438	47,300	43,655
- procurement of equipment for environmental protection process	-	-	-	-

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

1. Impact on Net Profit

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

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

2. Impact on our Status in the Competition

friendly design, environmental protection, energy saving, and emission reduction have become global trends and universal values. In recent years, we have been promoting friendly design, elimination of hazardous substances, and ISO 14064. In response to the tightening international environmental regulations, we work together with suppliers through supplier management and supplier guidance. We also observe local laws and 《Responsible Business Alliance (RBA)

Code of Conduct》 at a high moral standard. We also request suppliers on the supply chain to comply with environmental protection, safety and health, labor rights, and labor condition standards, including “Conflict-Mineral-Free” policy; respect for employees; fair treatment of female and male employees; accountability toward production process and the environment. Besides improving organizational competitiveness, such awareness will be beneficial to enhance the global market share of Taiwan’s 3C industries, so as to prevent measures to promote environmental protection and sustainable development from reducing our global competitiveness. Establish “Reduce, Share, Love the earth, Alliance” and convene the supplier conference to share with the suppliers Gigabyte’s actions to reduce carbon, waste, water, plastic and the sustainability trend. Growing together with the supplier, generating win-win together.

3. Impact on the Company’s Image

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

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

1. Committed Significant Environmental Protection Expenditures:

- (1) Our Company has passed ISO 14001 environmental management system certification, requiring first level suppliers to install environmental management systems. Currently, all first level suppliers of Gigabyte have earned the ISO 14001 certification and are striving for pollution prevention and clean production.
- (2) In 2005, our company became the first system brand company in the world that received the IECQ QC 080000 standard certification. Our products went through a lead-free manufacturing process. We also introduced green material management system and established a green supply chain. Through Green Supply Chain Management (GSCM), we coordinated systematically with suppliers and connect ourselves to relevant standard evaluation and recognition

processes. We effectively communicate with suppliers. We trace, manage, and even eliminate components that contain restricted or banned chemical substances.

- (3) The Company has passed the ISO45001 occupational health and safety management system verification. We will continuously improve the Company's safety and health systems to prevent accidents and keep them under control, and strive for sustainable operations with zero occupational hazards.
- (4) The lifecycle carbon emission audit based on PAS 2050 carbon footprint standard has been completed for MD-300 Set-Top Box, one of our Company's Chennel sales products. The British Standard Institute (BSI) has issued a certificate of product carbon footprint verification for this audit engagement.
- (5) Our Company promotes green design and recycling processes that are in compliance with all international environmental regulations.
- (6) Apart from developing the clean production mechanism, developing energy-saving products, improving production process, and enhancing efficiency, we specifically implemented the ISO14064 GHG inventory system to disclose the GHG inventory and management information of this Company with the GHG report, so as to exactly capture the sources of GHG emissions, promote total participation and consensus, and continuously promote GHG emissions, mitigate global warming, and fulfill CSR.
- (7) We activated the "Green Action Program" in 2009 to organize celebrity talks, sustainability and environment education, eco working holiday, and "One Thousand Miles" environmental service events for over 82,218 participants. With these activities, we have enabled employees to understand the importance of environmental protection, improved their awareness of sustainability and environmental protection, and equipped them with the basic knowledge, attitude, and skill for environmental protection. By activating the "Green Action Program 2.0" in 2016, we have established the Gigabyte Green Action Culture and promoted the eco-design concept to all employees to create new value for green products and pursue sustainable development for the enterprise and environment.
- (8) We organized the "Green Product Innovation Activity: Innovation · Value · Sustainability". Based on the main theme "going green is free", we encourage employees to design green product with "Innovation · Value · Sustainability". As long as we are on the right track, "going green is free!" In 2016, we organized the "Save the Ocean; Reduce Plastics Movement" poster design competition. This was followed in 2017 by the "Reduce, Share, Love the Earth" friendly product design competition to develop tertiary students, letting them present innovative and creative ideas on sustainability, incorporating the economic principles of recycling. Starting at the origin, introducing the economics of recycling from the design phase of the product right through to the end phase of recycling, targeting the environment, society and the consumer to create friendly products.
- (9) We put the mitigation and adaptation of climate change as part of enterprise sustainable operations and implement countermeasures in terms of GHG management and routine operations. We also build the eco-design-focus "G-Home Sustainable Eco-Roof" and promote it through industry-government-academia cooperation in order to provide a reference for an integrated, multifunctional solution for the mitigation and adaptation of climate change, aggressively reduce environmental load, and fulfill corporate social responsibility.

In June 2017, G-HOME, Gigabyte's sustainable living roof project, was certified by the Environmental Protection Administration, Executive Yuan. This did not



only let G-HOME serve the purpose of promoting green roofs, but also turned Gigabyte into a great corporate citizen in the education field and called on everyone to cherish the seeds of caring love of the environment and achieve harmony between man and the environment, as of December 2019 there were 3,189 participants.

- (10) For continuous reduction of product carbon emissions, we activated the carbon footprint calculation system for all products in 2016. By implementing this system, we hope to simplify the calculation of process of product carbon emissions and review the carbon emissions of products at each stage of the product life cycle. Apart from comparing the environmental impacts of each raw material and production process and finding opportunities and methods to reduce carbon emissions, we hope to provide a reference for developing friendly products. In 2018, we published Taiwan's first ever environmental product report, expanding the impact assessment data to include the effect on air quality and acidification of land/water domains. R&D personnel use this data to examine the environmental impact of the various products as they move through the different phases in their lifespan. The results of the study will form the basis identifying opportunities for reducing the environmental impact and develop plans for operationalization. We hope that you will join us in protecting the environment. To that end, Gigabyte Technology has compiled the environmental impact of our products and the recycle data in this environmental product report. We hope that this open sharing of information will help all of us to understand the environmental characteristics of each category of product and motivate each of us, be it the manufacturer or the consumer, to do our bit for a sustainable environment.
- (11) By analyzing the effects and benefits of "G-Home Sustainable Eco-Roof" and "One Thousand Miles" of Gigabyte to Green Club with SROI, we found that both projects can bring positive social and environmental effects. In terms of benefits, we found that every NT\$1 spent on "G-Home Sustainable Eco-Roof" can yield NT\$8.04 back; and every NT\$1 spent on "One Thousand Miles" can yield NT\$5.45 back.
2. The Company sell its products directly and indirectly to EU, or areas governed by RoHS.
  3. The compliance of the Company with RoHS is 100%. In 2017, in response to the RoHS 2 restriction on phthalates and the amended REACH regulations, we officially updated the HCSR to version 4.3, adjusting the control levels (Level B → Level A) of the 4 restricted phthalates (DEHP, BBP, DBP, DIBP) and added 2 restricted materials (DBB, PFOSF). All suppliers will be required to comply with Gigabyte's guidelines on the control of hazardous materials and be subjected to audit by Gigabyte.
  4. The Company has been granted by the following companies or agencies the green product accreditation on environmental protection and ODM customer accreditation rate: 100%.
    - (1) The first company in Taiwan being accredited the SGS IECQ QC080000 RoHS green product.
    - (2) Approved by MOEA for a grant for supervision in Green Project in 2006, and complete the establishment and adaptation of GP system in 2007.
    - (3) Recognition by international giant firms: Lenovo (IBM), Fujitsu, Hitachi, NEC, Toshiba, Samsung, LG, Acer, HP.
    - (4) Equipment, production process, inspection standards and points of control are in place. There are also the ODM Mass Production and inspection for delivery locations with yield rate meeting the requirements of the customers.

- (5) By the end of Q1 2006, the Company has attuned to full compliance with RoHS and has met the requirement of EU as early as July 2006.
- (6) Complete the process and product evaluation of Halogen Free in 2008 to respond to the requirement of future environment protection law.
- (7) As the first company in the world, we passed the third-party certification (BSI) of carbon footprint inventory with our STB (MD-300) according to PAS2050 on September 29, 2010. We also cooperated with 15 suppliers to arrange carbon footprint and inventory training for (raw) materials with the purpose of understanding the impact of the product on the environment at each phase of its life cycle. We also hope to build a basic database and use it as a basis for the development of green products to reduce impact on the environment and fulfill our responsibility to society.

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

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

1. Employee insurance:

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

2. Annual wage adjustment and bonus:

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

3. Holiday bonuses

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

4. Fringe benefits provided by the employee welfare committee

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

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

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

e-learning program.

6. Employee stock ownership program

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

7. Reward for innovation

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

8. Feedback:

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

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

(II) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): The labor-management relation has been harmonious since the establishment of the Company in 1986. No loss has ever been inflicted from this cause.

VI. Major agreements

(I) Agreements expiring within one year: None.

(II) Agreements still in force:

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

## Six. Financial Position

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

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

Unit: NT\$1000

Year		Financial information covering the last five years (Note1)				
		2015	2016	2017	2018	2019
Item						
Current assets		21,437,954	24,821,408	26,488,634	22,746,564	24,581,192
Property, plant and equipment(Note2)		2,259,952	2,213,725	2,160,918	2,462,212	2,519,945
Intangible assets		23,648	27,774	14,014	41,766	22,861
Other assets(Note2)		8,767,128	8,210,714	9,398,723	10,543,158	11,279,156
Total assets		32,488,682	35,273,621	38,062,289	35,793,700	38,403,154
Current liabilities	Cum-dividend	9,440,375	11,914,724	13,402,546	11,165,092	13,511,756
	Ex-dividend	11,013,032	13,551,761	15,945,302	13,072,159	Not distributed yet
Non-current liabilities		509,339	548,392	569,842	545,133	593,587
Total liabilities	Cum-dividend	9,949,714	12,463,116	13,972,388	11,710,225	14,105,343
	Ex-dividend	11,522,371	14,100,153	16,515,144	13,617,292	Not distributed yet
Equity attributable to owners of the parent		22,538,968	22,810,505	24,089,901	24,083,475	24,297,811
Equity		6,290,629	6,291,179	6,356,889	6,356,889	6,356,889
Capital surplus	Cum-dividend	4,601,581	4,602,046	3,962,314	3,924,357	3,896,889
	Ex-dividend	4,601,581	3,972,416	3,962,314	3,924,357	Not distributed yet
Retained earnings	Cum-dividend	11,399,606	12,092,633	13,840,935	13,417,437	13,426,344
	Ex-dividend	9,826,949	11,085,226	11,298,179	11,510,370	Not distributed yet
Other Equity		247,152	-175,353	-70,237	384,792	617,689
Treasury stock		0	0	0	0	0
Non control Equity		0	0	0	0	0
Total equity	Cum-dividend	22,538,968	22,810,505	24,089,901	24,083,475	24,297,811
	Ex-dividend	20,966,311	21,173,468	21,547,145	22,176,408	Not distributed yet

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

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

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

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

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

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

## Condensed Statement of Comprehensive Income (Entity) - IFRS

Unit: 1000 NTD

Item \ Year	Financial Information covering the last five years (Note 1)				
	2015	2016	2017	2018	2019
Revenue	47,662,757	49,735,072	57,213,666	57,984,926	62,383,990
Gross profit	6,996,041	7,314,934	8,089,336	7,650,552	7,209,865
Operating income	1,476,134	1,934,481	1,974,088	1,756,180	1,390,845
Non-operating income & expenses	880,033	899,318	1,066,623	1,152,727	771,621
Pre-tax profit	2,356,167	2,833,799	3,040,711	2,908,907	2,162,466
Net Income from continuing operations	1,920,065	2,292,864	2,786,411	2,566,512	1,939,241
Earning of discontinued operation	-	-	-	-	-
Net income (loss)	1,920,065	2,292,864	2,786,411	2,566,512	1,939,241
Other comprehensive income (net after tax)	-254,090	-449,685	74,414	15,130	209,630
Total comprehensive income for the period	1,665,975	1,843,179	2,860,825	2,581,642	2,148,871
Net profit attributable to owner of parent	1,920,065	2,292,864	2,786,411	2,566,512	1,939,241
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owner of parent	1,665,975	1,843,179	2,860,825	2,581,642	2,148,871
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
EPS (\$)	3.05	3.64	4.41	4.04	3.05

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

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

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

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

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

## Condensed Balance Sheet (Consolidated) - IFRS

Unit: 1000 NTD

Item	Year	Financial information covering the last five years (Note 1)					Financial information as of March 31, 2020 (Note 3)
		2015	2016	2017	2018	2019	
Current assets		27,846,683	30,955,717	33,623,284	28,959,419	30,109,160	33,309,072
Property, plant and equipment(Note2)		4,022,766	3,905,043	3,876,017	4,131,468	4,085,922	4,142,412
Intangible assets		34,144	54,230	33,056	51,998	30,789	52,398
Other assets(Note2)		1,337,040	1,309,060	1,265,315	2,591,710	3,485,670	2,588,909
Total assets		33,240,633	36,224,050	38,797,672	35,734,595	37,711,541	40,092,791
Current liabilities	Cum-dividend	10,132,956	12,651,024	13,983,138	10,955,638	12,665,285	15,028,083
	Ex-dividend	11,705,613	14,288,061	16,525,894	12,862,705	Not distributed yet	Not distributed yet
Non-current liabilities		554,258	604,083	582,210	610,291	693,145	927,400
Total liabilities	Cum-dividend	10,687,214	13,255,107	14,565,348	11,565,929	13,358,430	15,955,483
	Ex-dividend	12,259,871	14,892,144	17,108,104	13,472,996	Not distributed yet	Not distributed yet
Equity attributable to owners of the parent		22,538,968	22,810,505	24,089,901	24,083,475	24,297,811	24,089,152
Equity		6,290,629	6,291,179	6,356,889	6,356,889	6,356,889	6,356,889
Capital surplus	Cum-dividend	4,601,581	4,602,046	3,962,314	3,924,357	3,896,889	3,896,889
	Ex-dividend	4,601,581	3,972,416	3,962,314	3,924,357	Not distributed yet	Not distributed yet
Retained earnings	Cum-dividend	11,399,606	12,092,633	13,840,935	13,417,437	13,426,344	14,107,888
	Ex-dividend	9,826,949	11,085,226	11,298,179	11,510,370	Not distributed yet	Not distributed yet
Other Equity		247,152	-175,353	-70,237	384,792	617,689	-272,514
Treasury stock		0	0	0	0	0	0
Non control Equity		14,451	158,438	142,423	85,191	55,300	48,156
Total shareholder's equity	Cum-dividend	22,553,419	22,968,943	24,232,324	24,168,666	24,353,111	24,137,308
	Ex-dividend	20,980,762	21,331,906	21,689,568	22,261,599	Not distributed yet	Not distributed yet

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

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

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

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

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

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

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

## Condensed Statement of Comprehensive Income (Consolidated) - IFRS

Unit: 1000 NTD

Item \ Year	Financial information covering the last five years (Note 1)					Financial information as of March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Revenue	50,828,792	52,347,389	59,884,781	60,923,590	61,781,254	17,233,147
Gross profit	8,761,412	9,069,697	10,198,857	10,123,214	9,590,869	2,792,003
Operating income	1,251,738	1,688,998	2,226,350	2,275,588	1,447,233	675,019
Non-operating income & expenses	1,419,921	1,273,323	949,277	677,183	816,015	258,507
Pre-tax profit	2,671,659	2,962,321	3,175,627	2,952,771	2,263,248	933,526
Net Income from counting operations	1,922,700	2,284,350	2,713,506	2,496,125	1,907,543	674,653
Earning of discontinued operation	-	-	-	-	-	-
Net income(loss)	1,922,700	2,284,350	2,713,506	2,496,125	1,907,543	674,653
Other comprehensive income(net of tax)	-254,090	-449,685	74,409	15,127	209,630	-890,456
Total comprehensive income for the period	1,668,610	1,834,665	2,787,915	2,511,252	2,117,173	-215,803
Net profit attributable to owner of parent	1,920,065	2,292,864	2,786,411	2,566,512	1,939,241	681,544
Net profit attributable to non-controlling interests	2,635	-8,514	-72,905	-70,387	-31,698	-6,891
Total comprehensive income attributable to owner of parent	1,665,975	1,843,179	2,860,825	2,581,642	2,148,871	-208,659
Total comprehensive income attributable to non-controlling interests	2,635	-8,514	-72,910	-70,390	-31,698	-7,144
EPS (\$)	3.05	3.64	4.41	4.04	3.05	1.07

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

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

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

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

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

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

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

Year	Public auditors	Opinion
2015	Xiao, Chun-Yuan; Wang, Fang-yu	Modified unqualified
2016	Xiao, Chun-Yuan; Wang, Fang-yu	Unqualified opinion with explanatory paragraph
2017	Xiao, Chun-Yuan; Wang, Fang-yu	Unqualified opinion with explanatory paragraph
2018	Xiao, Chun-Yuan; Wang, Fang-yu	Unqualified opinion with explanatory paragraph
2019	Lin, Se-Kai; Wang, Fang-yu(Note 1)	Unqualified opinion with explanatory paragraph

Note 1 : There has been reorganization of the PWC Public Accountants. Therefore, Xiao, Chun-Yuan, CPA and Wang Fang-yu, CPA were changed to Lin, Se-Kai, CPA and Wang, Fang-yu, CPA as the public auditors to the Company in 2019.

II. Financial analysis for the past five years

(1) Financial Analysis (Entity) - IFRS

Year (Note 1)		Financial analysis for the past five years				
		2015	2016	2017	2018	2019
Subject (Note 3)						
Financial structure	Liabilities to assets ratio (%)	30.63	35.33	36.71	32.72	36.73
	Long-term capital to Property, plant and equipment ratio (%)	1,019.86	1,055.19	1,141.17	1,000.26	987.78
Ability to repay debt	Current ratio (%)	227.09	208.33	197.64	203.73	181.92
	Quick ratio (%)	135.47	129.86	134.65	96.05	114.39
	Debt service coverage ratio	7,960.85	8,120.60	10,632.86	10,464.69	988.88
Utility	A/R turnover (time)	9.70	9.82	9.76	9.75	8.23
	Average days of payment	38	37	37	37	44
	Inventory turnover (time)	4.75	4.83	5.57	5.02	5.38
	A/P turnover (time)	7.35	6.37	5.71	6.41	7.11
	Average daily sales	77	76	66	73	68
	Property, plant and equipment turnover (time)	21.20	22.23	26.16	25.08	25.04
	Total assets turnover (time)	1.46	1.47	1.56	1.57	1.68
Profitability	Return on Assets (%)	5.87	6.77	7.60	6.95	5.23
	Return on equity (%)	8.51	10.11	11.88	10.66	8.02
	Net income before tax as a percentage of paid-in capital (%) (Note 7)	37.46	45.04	47.83	45.76	34.02
	Net profit rate (%)	4.03	4.61	4.87	4.43	3.11
	EPS (\$)	3.05	3.64	4.41	4.04	3.05
Cash flow	Cash flow ratio (%)	36.71	29.60	28.80	-23.69	24.68
	Cash flow adequacy ratio (%)	85.39	93.79	118.78	63.27	70.48
	Cash reinvestment ratio (%)	7.15	7.79	8.45	-19.72	5.40
Leverage	Operation leverage	1.22	1.18	1.19	1.22	1.27
	Financial leverage	1.00	1.00	1.00	1.00	1.00

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

1. Ability to repay debt: The company's interest expense is extremely low. Due to the poor profitability this year, the interest expense increased slightly, which resulted in a reduction in the Debt service coverage ratio.
2. Profitability: Mainly due to the decline of the coin-mining machine boom this year, the company no longer sells coin-mining machines, the supply and demand of graphics card products returned to normal, and the gross profit of related products decreased compared with the previous year.

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

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

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

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



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

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

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

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

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

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

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

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

### Financial Analysis (Consolidated) - IFRS

Subject (Note 3)		Year (Note 1)	Financial analysis for the past five years					Financial analysis as of March 31, 2020 (Note 2)
			2015	2016	2017	2018	2019	
Financial structure	Liabilities to assets ratio (%)		32.15	36.59	37.54	32.37	35.42	39.80
	Long-term capital to Property, plant and equipment ratio (%)		574.06	599.60	636.53	597.70	611.64	603.91
Ability to repay debt	Current ratio (%)		274.81	244.69	240.46	264.33	237.73	221.65
	Quick ratio (%)		176.00	167.91	177.65	151.40	143.22	125.31
	Debt service coverage ratio		1,858.73	30.92	814.22	699.22	209.69	348.42
Utility	A/R turnover (time)		8.99	9.86	9.90	9.74	9.93	9.07
	Average days of payment		41	37	37	37	37	40
	Inventory turnover (time)		4.87	4.81	5.45	5.03	4.57	4.57
	A/P turnover (time)		7.97	6.69	6.01	7.31	8.30	6.93
	Average daily sales		75	76	67	73	80	80
	Property, plant and equipment turnover (time)		12.32	13.21	15.39	15.22	15.04	16.75
	Total assets turnover (time)		1.52	1.51	1.60	1.63	1.68	1.77
Profitability	Return on Assets (%)		5.74	6.84	7.44	6.90	5.30	7.03
	Return on equity (%)		8.51	10.11	11.88	10.66	8.02	11.27
	Net income before tax as a percentage of paid-in capital (%) (Note 7)		42.47	47.09	49.96	46.45	35.60	58.74
	Net profit rate (%)		3.78	4.38	4.65	4.21	3.14	3.95
	EPS (\$)		3.05	3.64	4.41	4.04	3.05	1.07
Cash flow	Cash flow ratio (%)		34.55	33.22	27.92	-21.31	30.68	-7.02
	Cash flow adequacy ratio (%)		113.52	116.98	132.38	80.06	84.83	52.67
	Cash reinvestment ratio (%)		6.58	9.50	7.94	-18.04	7.44	-3.88
Leverage	Operation leverage		1.59	1.43	1.35	1.36	1.55	1.29
	Financial leverage		1.00	1.06	1.00	1.00	1.01	1.00

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

1. Ability to repay debt: The company's interest expense is extremely low. Due to the poor profitability this year, the interest expense increased slightly, which resulted in a reduction in the Debt service coverage ratio.
2. Profitability: Mainly due to the decline of the coin-mining machine boom this year, the company no longer sells coin-mining machines, the supply and demand of graphics card products returned to normal, and the gross profit of related products decreased compared with the previous year.

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

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

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

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

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

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

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

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

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

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

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

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

### III. Audit Committee's Review Report on 2019 Financial Statement

#### Audit Committee Approval/Audit Report

This Audit Committee has approved the individual financial statements of the Company and the consolidated financial statements of the Group for fiscal year 2019 that have been passed by the Board of Directors. The CPA firm PwC Taiwan was then retained to audit such statements by CPAs Se-Kai Lin and Fang-yu Wang and issued the "unqualified opinion with explanatory paragraph" audit report. These statements have been reviewed and determined to be compliant with all relevant laws and regulations. In addition, this Audit Committee has audited the business report and earnings allocation proposal of fiscal year 2019 passed by the Board of Directors and determined they have complied with relevant laws and regulations. This report is thus issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

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

Hwei-Min Wang  
Convener  
Audit Committee

16 April 2020

#### IV. Audited Unconsolidated Financial Statements in the most recent year

### REPORT OF INDEPENDENT ACCOUNTANTS

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

#### *Opinion*

We have audited the accompanying parent company only balance sheets of Giga-Byte Technology Co., Ltd. as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other auditors, as described in the Other matters section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

#### *Basis for opinion*

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

#### *Key audit matters*

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

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

**Occurrence of revenue from significant new counterparty**

Description

Please refer to Note 4(27) for the accounting policies on revenue recognition. For the year ended December 31, 2019, the parent company only operating revenue amounted to NT\$62,383,990 thousand.

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

How our audit addressed the matter

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

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

## **Assessment of allowance for valuation of inventory loss**

### Description

Please refer to Note 4(12) for the accounting policies on evaluation of inventories; Note 5(2) for uncertainty of accounting estimates and assumption on inventory evaluation; and Note 6(5) for the details of the inventories. As of December 31, 2019, the inventories and allowance for valuation loss amounted to NT\$9,073,619 thousand and NT\$242,765 thousand, respectively.

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

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

### How our audit addressed the matter

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

1. Interviewed with management and obtained an understanding of the policy and process on evaluation of the allowance for valuation loss, and the consistency of the policy and process application during the financial reporting periods.
2. Obtained an understanding of the warehouse management procedures, reviewed annual physical inventory count plan and participated the annual inventory count. Evaluated the effectiveness of management control on identifying and managing obsolete inventories.
3. Tested the appropriateness of system logic in inventory aging report which management adopted for inventories valuation purpose, and verified that obsolete inventories which exceeded a certain aging period were included in the report.
4. Evaluated the reasonableness of obsolete or damaged inventory items which were identified by management, reviewed related supporting documentation, and compared to the results obtained from the observation of physical inventory count.

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

### ***Other matter – Report of other auditors***

We did not audit the financial statements of certain investee companies. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts included in the financial statements was based solely on the reports of the other auditors. The aforementioned equity investments were \$21,193 thousand and \$48,519 thousand, representing 0.05% and 0.14% of total parent company only assets as of December 31, 2019 and 2018, respectively, and total net comprehensive loss were \$27,326 thousand and \$28,382 thousand, representing (1.27%) and (1.10%) of total parent company only comprehensive loss for the years then ended, respectively.

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

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

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

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

### ***Auditor’s responsibilities for the audit of the parent company only financial statements***

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



of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Se-Kai Lin  
For and on behalf of PricewaterhouseCoopers, Taiwan  
March 13, 2020

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Fang-Yu Wang

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

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

GIGA-BYTE TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan dollars)

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

(Continued)

**GIGA-BYTE TECHNOLOGY CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars)

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

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

**GIGA-BYTE TECHNOLOGY CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

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

	Notes	Retained earnings					Other equity			Total equity
		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	
<b>Year 2018</b>										
Balance at January 1, 2018		\$ 6,356,889	\$ 3,962,314	\$ 3,846,604	\$ 426,354	\$ 9,567,977	(\$ 267,365)	\$ -	\$ 197,128	\$ 24,089,901
Adjustments under new standards		-	-	-	-	(464,366)	-	654,619	(197,128)	(6,875)
Adjusted beginning balance		6,356,889	3,962,314	3,846,604	426,354	9,103,611	(267,365)	654,619	-	24,083,026
Profit for the year		-	-	-	-	2,566,512	-	-	-	2,566,512
Other comprehensive income (loss) for the year		-	-	-	-	17,592	(129,556)	127,094	-	15,130
Total comprehensive income (loss) for the year		-	-	-	-	2,584,104	(129,556)	127,094	-	2,581,642
Appropriations of 2017 earnings:	6(15)	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	278,641	-	(278,641)	-	-	-	-
Cash dividends		-	-	-	-	(2,542,756)	-	-	-	(2,542,756)
Recognition of share-based payments of subsidiaries		-	1,196	-	-	-	-	-	-	1,196
Disposal of equity instruments at fair value through other comprehensive income		-	-	-	-	(480)	-	-	-	(480)
Changes in equity of associates accounted for using equity method		-	(39,153)	-	-	-	-	-	-	(39,153)
Balance at December 31, 2018		\$ 6,356,889	\$ 3,924,357	\$ 4,125,245	\$ 426,354	\$ 8,865,838	(\$ 396,921)	\$ 781,713	\$ -	\$ 24,083,475
<b>Year 2019</b>										
Balance at January 1, 2019		\$ 6,356,889	\$ 3,924,357	\$ 4,125,245	\$ 426,354	\$ 8,865,838	(\$ 396,921)	\$ 781,713	\$ -	\$ 24,083,475
Profit for the year		-	-	-	-	1,939,241	-	-	-	1,939,241
Other comprehensive (loss) income for the year		-	-	-	-	(23,267)	(276,549)	509,446	-	209,630
Total comprehensive income (loss) for the year		-	-	-	-	1,915,974	(276,549)	509,446	-	2,148,871
Appropriations of 2018 earnings:	6(15)	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	256,651	-	(256,651)	-	-	-	-
Cash dividends		-	-	-	-	(1,907,067)	-	-	-	(1,907,067)
Changes in equity of associates accounted for using equity method		-	(27,468)	-	-	-	-	-	-	(27,468)
Balance at December 31, 2019		\$ 6,356,889	\$ 3,896,889	\$ 4,381,896	\$ 426,354	\$ 8,618,094	(\$ 673,470)	\$ 1,291,159	\$ -	\$ 24,297,811

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

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

	Notes	2019	2018
<u>Cash flows from operating activities</u>			
Profit before income tax		\$ 2,162,466	\$ 2,908,907
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(7)(8)(20)	274,233	157,176
Amortization	6(20)	84,175	135,516
Profit from lease modification	6(18)	( 13 )	-
Expected credit losses (gains)	6(20)	3,434	( 13,742 )
Gain on valuation of financial assets at fair value through profit or loss	6(2)(18)	( 8,035 )	( 1,792 )
Interest expense	6(19)	2,189	278
Interest income	6(17)	( 54,410 )	( 62,632 )
Share of profit of subsidiaries and associates accounted for using the equity method	6(6)	( 201,350 )	( 425,886 )
Loss on disposal of investments accounted for using equity method	6(6)(18)	15	-
Gain on disposal of property, plant and equipment	6(18)	( 2,005 )	( 5,193 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		( 23,488 )	( 18,895 )
Notes receivable		1,062	1,295
Accounts receivable		( 3,977,941 )	712,880
Other receivables		( 2,661 )	27,819
Inventories		2,851,856	( 3,301,624 )
Prepayments		17,864	( 67,029 )
Other current assets		3,660	( 27,927 )
Net changes in liabilities relating to operating activities			
Contract liabilities		93,199	145,037
Notes payable		44,356	( 8,892 )
Accounts payable		2,595,721	( 2,809,484 )
Other payables		( 68,056 )	95,202
Provisions for liabilities		80,509	( 11,647 )
Other current liabilities		( 77,539 )	69,383
Other non-current liabilities		575	2,214
Cash generated from (used in) operations		3,799,816	( 2,499,036 )
Interest received		55,138	64,390
Dividends received		118,834	-
Interest paid		( 2,189 )	( 278 )
Income tax paid		( 636,502 )	( 210,185 )
Net cash generated from (used in) operating activities		3,335,097	( 2,645,109 )

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

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

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



GIGA-BYTE TECHNOLOGY CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

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

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 13, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

IFRS 16, ‘Leases’

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

- B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Company increased ‘right-of-use asset’ by \$91,249, increased ‘lease liability’ by \$90,367 and decreased prepayments by \$882 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
  - The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
  - The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$17,351 was recognised for the year ended December 31, 2019.
  - The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.
  - The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 0.14% ~ 1.67%.
- E. The Company recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

- (a) The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

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

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

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

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

(7) Financial assets at amortised cost

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

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

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

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

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) Leasing arrangements (lessor) – operating leases

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

(12) Inventories

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

(13) Investments accounted for using equity method subsidiaries

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

- B. Unrealised gains or losses occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) for the year and other comprehensive income (loss) for the year reported in the parent company only financial statements, shall be equal to profit (loss) for the year and other comprehensive income (loss) attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3~55 years
Machinery and equipment	3~ 9 years
Research and development equipment	3~ 8 years
Office equipment	3~ 5 years
Other tangible operating assets	3~10 years

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

Effective 2019

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

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

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

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

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

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

(16) Operating leases (lessee)

Prior to 2019

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

(17) Intangible assets

A. Computer software

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

B. Trademark right (indefinite useful life)

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

(18) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish,



the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

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

(19) Notes and accounts payable

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

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

(20) Derecognition of financial liabilities

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

(21) Provisions

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

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected

unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurement arising on defined benefit plans is recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

#### C. Termination benefits

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

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

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

#### (23) Employee share-based payment

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

#### (24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions

taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

Sales of goods

- A. The Company manufactures and sells computer peripheral and component parts. Sales are recognised when control of the products has transferred, being when the products are delivered

to the customers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated indirect tax, volume discounts, sales returns and allowances. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Company reclassified the pledged bank deposits with more than three months maturity to “Financial assets at amortised cost”, please refer to Notes 6(3) and 8 for the details.

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

<u>Financial assets mandatorily measured at fair value through profit or loss</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beneficiary certificates	\$ 456,549	\$ 307,318
Government bonds	16,298	79,923
Corporate bonds	-	64,257
	472,847	451,498
Valuation adjustment	370	(9,804)
	<u>\$ 473,217</u>	<u>\$ 441,694</u>

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

<u>Financial assets mandatorily measured at fair value through profit or loss</u>	<u>2019</u>	<u>2018</u>
Beneficiary certificates	\$ 8,030	\$ 320
Debt instruments	5	1,472
	<u>\$ 8,035</u>	<u>\$ 1,792</u>

- B. The Company has no financial assets at fair value through profit or loss pledged to others.
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

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

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

	<u>2019</u>	<u>2018</u>
Interest income	\$ 1,131	\$ 765

- B. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$248,040 and \$161,192, respectively.
- C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

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

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

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

The above ageing analysis was based on past due date.

- B. As at December 31, 2019 and 2018, and January 1, 2018, the balances of receivables (including notes receivable) from contracts with customers amounted to \$3,653,982, \$3,130,411 and \$3,993,629, respectively.
- C. The Company has no notes and accounts receivable pledged to others.
- D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$2,995 and \$4,057, \$3,628,543 and \$3,107,344, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

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

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

The cost of inventories recognised as expense for the period:

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

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

(6) Investments accounted for using the equity method

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

- A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2019 for more information on the Company's subsidiary.
- B. For the years ended December 31, 2019 and 2018, shares of profit from subsidiaries accounted for using equity method were \$201,350 and \$425,886, respectively, based on the audited financial statements.
- C. Gigabyte Global Business Corporation completed the liquidation on April 17, 2019, returning proceeds of \$535 and recognised losses on disposal of investments of \$15.
- D. The Company participated in the capital increase raised by Giga Investment Co. with \$200,000 and \$600,000 on November 18, 2019 and July 12, 2018, respectively. The share interest remains 100% after the capital increase.
- E. The Company participated in the capital increase raised by BYTE International Co., Ltd. with \$23,744 on March 29, 2018. The share interest remains 100% after the capital increase.
- F. The Company participated in the capital increase raised by Giga-Byte Technology Trading GmbH with \$107,721 and \$140,624 on August 1, 2018 and November 15, 2018, respectively. The share interest remains 100% after the capital increase.



(7) Property, plant and equipment

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

2018

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

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

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

(8) Leasing arrangements – lessee

Effective 2019

- A. The Company leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of buildings and business vehicles. Low-value assets comprise multifunction printers. As at December 31, 2019, payments of lease commitments for short-term leases amounted to \$638.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Buildings	\$ 36,663	\$ 26,683
Transportation equipment	<u>25,154</u>	<u>22,551</u>
	<u>\$ 61,817</u>	<u>\$ 49,234</u>

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

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

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

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

(9) Leasing arrangements – lessor

Effective 2019

- A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the year ended December 31, 2019, the Company recognised rent income in the amount of \$14,256, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2019</u>
2020	\$ 8,726
2021	6,258
2022	5,944
2023	<u>2,781</u>
	<u>\$ 23,709</u>

(10) Other payables

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

(11) Provisions

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

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

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

(12) Pensions

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

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

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

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

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

	2018		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 776,787)	\$ 218,767	(\$ 558,020)
Current service cost	( 4,735)	-	( 4,735)
Interest (expense) income	( 9,657)	2,770	( 6,887)
Past service cost	4,496	-	4,496
	<u>( 786,683)</u>	<u>221,537</u>	<u>( 565,146)</u>
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
	<u>11,116</u>	<u>6,220</u>	<u>17,336</u>
Pension fund contribution	-	4,912	4,912
Paid pension	11,504	( 11,504)	-
At December 31	(\$ 764,063)	\$ 221,165	(\$ 542,898)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Years ended December 31	
	2019	2018
Discount rate	0.75%	1.00%
Future salary increases	3.00%	3.00%

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

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ <u>24,434</u> )	\$ <u>25,504</u>	\$ <u>24,873</u>	(\$ <u>23,968</u> )
December 31, 2018				
Effect on present value of defined benefit obligation	(\$ <u>24,070</u> )	\$ <u>25,133</u>	\$ <u>24,574</u>	(\$ <u>23,669</u> )

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

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

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2020 amounts to \$14,199.

(f) As of December 31, 2019, the weighted average duration of that retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	8,217
1-2 year(s)		20,917
2-5 years		82,951
Over 5 years		<u>762,521</u>
	\$	<u>874,606</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2019 and 2018 were \$84,888 and \$81,331, respectively.

(13) Share capital

As of December 31, 2019, the Company's authorized capital was \$9,500,000, consisting of 950,000 thousand shares of ordinary stock (including 250,000 thousand shares reserved for employee stock options and for convertible bonds issued by the Company), and the paid-in capital was \$6,356,889 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's ordinary shares outstanding during 2019 and 2018 is both 635,688,886 shares.

(14) Capital surplus

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

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless accumulated legal reserve has reached an amount equal to the Company's paid-in capital. And then special reserve shall be set aside or reversed according to the laws or decrees or the regulations of competent authorities. Appropriation (5% ~ 80%) of the remainder plus prior year's accumulated retained earnings shall be proposed by the Board of Directors, and resolved by the stockholders when distributed by issuance of new shares. The Company's dividend policy is as follows: not less than 5% of total distribution amount shall be distributed in the form of cash. If the cash dividend is less than ten cents (NT\$0.1) per share, such dividend shall be distributed in the form of shares.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

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

- D. The appropriation of earnings for 2018 and 2017 had been resolved by stockholders on June 12, 2019 and June 11, 2018. Details are summarized below:



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

E. As of the date of the auditor's report, the appropriation of retained earnings for 2019 has not been resolved by the Board of Directors. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and reported to the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(21).

(16) Operating revenue

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Revenue from contracts with customers	<u>\$ 62,383,990</u>	<u>\$ 57,984,926</u>

A. Disaggregation of revenue from contracts with customers

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

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

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

## B. Contract liabilities

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

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

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

### (17) Other income

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

### (18) Other gains and losses

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

### (19) Finance costs

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

(20) Expenses by nature

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

(21) Employee benefit expense

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

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

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$245,385 and \$328,323, respectively; while directors' remuneration was both accrued at \$46,000. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 10% and 1.87% of distributable profit of current year for the year ended December 31, 2019. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$245,385 and \$46,000, and the employees' compensation will be distributed in the form of cash.

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

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

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

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

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

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

B. Reconciliation between income tax expense and accounting profit:

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

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

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

	Year ended December 31, 2018				
	January 1	Adjustments under new standards	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<u>Deferred tax assets</u>					
Provision for warranty expense	\$ 75,601	\$ -	\$ 11,011	\$ -	\$ 86,612
Loss on inventory	25,963	-	79,621	-	105,584
Amount of allowance for bad debts that exceed the limit for tax purpose	2,999	( 651)	( 2,348)	-	-
Pension expense	39,327	-	7,383	-	46,710
Unrealised profit on intercompany sales	17,715	-	42,140	-	59,855
Unrealised exchange loss	2,092	-	( 2,047)	-	45
Remeasurement of defined benefit obligations	21,104	-	-	256	21,360
Others	47,310	-	( 7,185)	-	40,125
	<u>232,111</u>	<u>( 651)</u>	<u>128,575</u>	<u>256</u>	<u>360,291</u>
<u>Deferred tax liabilities</u>					
Others	( 7,542)	-	7,542	-	-
	<u>\$ 224,569</u>	<u>(\$ 651)</u>	<u>\$ 136,117</u>	<u>\$ 256</u>	<u>\$ 360,291</u>

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

E. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the

Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(23) Earnings per share

	<u>Year ended December 31, 2019</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,939,241	635,689	\$ <u>3.05</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
— Employees' compensation	-	6,386	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ <u>1,939,241</u>	<u>642,075</u>	\$ <u>3.02</u>

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

(24) Supplemental cash flow information

Investing activities with partial cash payments

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

(25) Changes in liabilities from financing activities

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

Note: Listed under cash flows from operating activities.

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Gigabyte Technology Pty. Ltd. (G.B.T.-AU)	The Company's subsidiary
Giga-Byte Technology B.V. (G.B.T.-NL)	"
Giga-Byte Technology (India) Private Limited (G.B.T.-India)	"
Giga-Byte Technology Trading GmbH (G.B.T.-GmbH)	"
Nippon Giga-Byte Corp. (G.B.T.-Japan)	"
Gigabyte Information Technology Commerce Limited Company (G.B.T.-Turkey)	"
Gigabyte Technology LLC (G.B.T.-Korea)	"
G-Style Co., Ltd. (G-Style)	"
Giga-Byte Communication Inc. (Giga-Byte Communication)	"
BYTE International Co., Ltd. (BYTE International)	"
Giga Investment Corp. (Giga Investment)	"
G.B.T., Inc. (G.B.T.-USA)	"
Giga Advance (Labuan) Limited (Giga Advance)	The Company's Indirect subsidiary
G.B.T. LBN Inc. (G.B.T.-LBN)	"
Senyun Precision Optical Co., Ltd. (Senyun Precision)	"
Selita Precision Co., Ltd. (Selita Precision)	"

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

(2) Significant related party transactions

A. Operating revenue

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

The sales prices to related parties were based on the agreed contracts. Credit terms to related parties were within 30~90 days after receipt of goods. Credit terms to third parties were up to 60 days after receipt of goods.

B. Purchases

	<u>Years ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Purchases of goods:		
Subsidiaries	\$ 1,575	\$ 9,522
Indirect subsidiaries	529,581	467,095
	<u>\$ 531,156</u>	<u>\$ 476,617</u>

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



C. Manufacturing overhead-Processing expense

	<u>Years ended December 31</u>	
	<u>2019</u>	<u>2018</u>
G.B.T.-LBN	<u>\$ 1,579,568</u>	<u>\$ 1,901,133</u>

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

D. Warranty expense

	<u>Years ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Ningbo BestYield	\$ 310,324	\$ -
G.B.T.-USA	74,265	-
Giga Advance	-	214,700
G.B.T.-NL	30,195	49,117
Subsidiaries	49,032	37,671
Indirect subsidiaries	<u>11,097</u>	<u>10,322</u>
	<u>\$ 474,913</u>	<u>\$ 311,810</u>

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

E. Marketing service charge (Shown as “Selling expenses”)

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

Marketing service charge is the expenditure arising from the business development rendered by the related party in the area where the related party is located. The price is calculated based on the actual incurred cost, and the payment term is 30 days for monthly billing.

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

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

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

G. Accounts receivable

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

H. Accounts payable

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

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Indirect subsidiaries	<u>\$ 193,809</u>	<u>\$ -</u>

J. Property transactions -Acquisition of financial assets

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

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

(3) Key management compensation

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

8. PLEDGED ASSETS

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

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

## B. Financial risk management policies

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

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require divisions to manage their foreign exchange risk against their functional currency.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency is NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2019</u>		
	<u>Foreign currency amount (In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 388,294	30.106	\$ 11,689,979
RMB:NTD	47,803	4.323	206,652
<u>Non-monetary items</u>			
USD:NTD	\$ 5,663	30.106	\$ 170,483
<u>Investments accounted for using equity method</u>			
USD:NTD	\$ 212,906	30.106	\$ 6,409,736
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 252,799	30.106	\$ 7,610,767

		<u>December 31, 2019</u>		
		<u>Foreign currency amount (In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
	RMB:NTD	266,111	4.323	1,150,398
		<u>December 31, 2018</u>		
		<u>Foreign currency amount (In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	\$ 276,657	30.733	\$ 8,502,500
	RMB:NTD	70,433	4.476	315,258
<u>Non-monetary items</u>				
	USD:NTD	\$ 837	30.733	\$ 25,724
<u>Investments accounted for using equity method</u>				
	USD:NTD	\$ 201,917	30.733	\$ 6,205,515
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	\$ 130,000	30.733	\$ 3,995,290
	RMB:NTD	492,495	4.476	2,204,408

- iv. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018 amounted to \$61,144 and \$151,493, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		<u>Year ended December 31, 2019</u>		
		<u>Sensitivity analysis</u>		
		<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 116,900	\$ -
	RMB:NTD	1%	2,067	-

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

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

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investment in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company invests in beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1 % with all other variables held constant, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$4,570 and \$3,078, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

### Cash flow and fair value interest rate risk

- i. The bond funds and fixed interest rate bond invested by the Company was held mainly for trading purposes, and the cash flow of which are affected by the market interest rate.
- ii. For fixed interest rate bond investments held by the Company classified as financial assets mandatorily measured at fair value through profit or loss, changing in market interest rates would affect their fair values. As at December 31, 2019 and 2018, if market interest rates had increased/decreased by 1 % with all other variables held constant, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$162 and \$1,339, respectively.

### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments at fair value through profit or loss.
- ii. The bond fund held by the Company was issued by well-known foreign banks and securities investment trust companies owned by or affiliated with domestic financial holding companies with good credit standing. Since the Company trades with several securities investment trust companies, the credit risk is relatively low.
- iii. The corporate bonds and financial bonds invested by the Company have been evaluated to have a good credit rating, and it is expected that the counterparty will not default, so the credit risk is extremely low. The maximum loss to the Company is the total amount of all book value.
- iv. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- v. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are not expected to be recovered.
- vi. The Company adopts following assumptions under IFRS 9 to assess whether 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 following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;



- (iii) Default or delinquency in interest or principal repayment; and
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. The Company classifies customers' accounts receivable in accordance with credit rating of customer, insurance coverage and collaterals. The Company applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- ix. The Company used the forecastability of macroeconomic growth by the International Monetary Fund to adjust historical and timely information to assess the default possibility of accounts receivable. As at December 31, 2019 and 2018, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31 to 60 days past due</u>
<u>December 31, 2019</u>			
Expected loss rate	0.91%	1.02%	9.96%
Total book value	\$ <u>2,769,767</u>	\$ <u>444,725</u>	\$ <u>14,135</u>
Loss allowance	\$ <u>10,652</u>	\$ <u>862</u>	\$ <u>169</u>
	<u>61 to 90 days past due</u>	<u>Over 90 days</u>	<u>Total</u>
Expected loss rate	36.16%	100%	0.91%~100%
Total book value	\$ <u>2,048</u>	\$ <u>10,634</u>	\$ <u>3,241,309</u>
Loss allowance	\$ <u>127</u>	\$ <u>10,634</u>	\$ <u>22,444</u>
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31 to 60 days past due</u>
<u>December 31, 2018</u>			
Expected loss rate	0.11%~1.13%	0.14%~1.38%	0.85%~8.47%
Total book value	\$ <u>2,602,457</u>	\$ <u>504,224</u>	\$ <u>2,542</u>
Loss allowance	\$ <u>6,538</u>	\$ <u>717</u>	\$ <u>22</u>
	<u>61 to 90 days past due</u>	<u>Over 90 days</u>	<u>Total</u>
Expected loss rate	4.52%~45.18%	10%~100%	0.11%~100%
Total book value	\$ <u>6,660</u>	\$ <u>10,471</u>	\$ <u>3,126,354</u>
Loss allowance	\$ <u>1,446</u>	\$ <u>10,287</u>	\$ <u>19,010</u>

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

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

	2018		
	Notes receivable	Accounts receivable	Total
At January 1_IAS 39	\$ -	\$ 38,673	\$ 38,673
Adjustments under new standards	-	( 3,831)	( 3,831)
At January 1_IFRS 9	-	34,842	34,842
Reversal of impairment loss	-	( 13,742)	( 13,742)
Write-off	-	( 2,090)	( 2,090)
At December 31	<u>\$ -</u>	<u>\$ 19,010</u>	<u>\$ 19,010</u>

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

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

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

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

	December 31, 2018			Total
	Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	
Group 1	\$ 161,192	\$ -	\$ -	\$ 161,192

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

Group 2: Pledged time deposits.

(c) Liquidity risk

- i. Company treasury monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

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

<u>December 31, 2018</u>	Between 1			Total
	<u>Less than 1 year</u>	<u>and 2 years</u>	<u>Over 2 years</u>	
Notes payable	\$ 9,736	\$ -	\$ -	\$ 9,736
Accounts payable	6,429,149	-	-	6,429,149
Other payables	3,446,339	-	-	3,446,339

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2019 and 2018 is as follows:

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

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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Recurring fair value measurements

-assets

Financial assets at fair value  
through profit or loss

Equity instrument	\$ 457,052	\$ -	\$ -	\$ 457,052
Debt instrument	<u>16,165</u>	<u>-</u>	<u>-</u>	<u>16,165</u>
	<u>\$ 473,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,217</u>

December 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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Recurring fair value measurements

-assets

Financial assets at fair value  
through profit or loss

Equity instrument	\$ 307,755	\$ -	\$ -	\$ 307,755
Debt instrument	<u>133,939</u>	<u>-</u>	<u>-</u>	<u>133,939</u>
	<u>\$ 441,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,694</u>

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

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

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

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

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

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

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

A. Loans to others: None.

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

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

- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

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

14. OPERATING SEGMENTS

None.

**GIGA-BYTE TECHNOLOGY CO., LTD.**  
**Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)**  
**Year ended December 31, 2019**

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019			Expressed in thousands of NTD (Except as otherwise indicated)	
				Number of shares	Book value	Ownership (%)		Fair value
Giga-Byte Technology Co., Ltd.	Beneficiary certificates-CTBC Hwa-Win Money Market Fund	None	Financial assets at fair value through profit or loss-current	4,572,748	50,000	-	50,585	
	Manulife Asia Pacific Bond Fund	"	"	4,313,752	50,000	-	53,814	
	Prudential Financial Money Market Fund	"	"	5,099,428	80,000	-	80,987	
	JIN SUN Financial Money Market Fund	"	"	6,800,935	100,000	-	101,181	
	Beneficiary certificates—Morgan Stanley Opportunistic Mortgage Income Fund LP	"	"	413,263	13,493	-	12,442	
	AB FCP I-AMER INC-A2 USD (LUX LISTING)	"	"	65,232	62,765	-	61,037	
	PIMCO INVESTMENT GRADE CREDIT FUND (IRE LISTING)	"	"	43,459	31,197	-	30,381	
	MSIM GLOBAL FIXED INC OPP-A (LUX LISTING)	"	"	27,337	31,567	-	30,320	
	JPM USD LIQUIDITY LYNAV C (ACC.) (LUX LISTING)	"	"	118	37,527	-	36,305	
	Government bond- Indonesia Government International Bond 4.125%	"	"	500,000	16,298	-	16,165	
				472,847			\$ 473,217	
			Valuation adjustment of financial assets at fair value through profit or loss		370			
Giga Future Limited	Beneficiary certificate—JPM USD LIQUIDITY LANAV C (ACC.) (LUX LISTING)	None	Financial assets at fair value through profit or loss-current	190	USD 1,930 thousand	-	USD 1,943 thousand	
			Valuation adjustment of financial assets at fair value through profit or loss		USD 13 thousand			
Giga-Trend International Investment Group Ltd.	Listed stocks - Sitronec Technology Corp.	None	Financial assets at fair value through profit or loss-current	Omitted	\$ 48,979	-	\$ 63,077	
			Valuation adjustment of financial assets at fair value through profit or loss		14,098			
	Unlisted stocks - Casteec International Corp etc.	"	Financial assets at fair value through profit or loss-current	Omitted	\$ 63,077	-	\$ 19,089	
			Valuation adjustment of financial assets at fair value through profit or loss		(48,626)			
					\$ 19,089			

**GIGA-BYTE TECHNOLOGY CO., LTD.**  
**Holding of marketable securities at the end of the period (not including subsidiaries, associates, and joint ventures)**  
**Year ended December 31, 2019**

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 1

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019			Footnote
				Number of shares	Book value	Ownership (%)	
Giga-Trend International Investment Group Ltd.	Corporate bond-Auji Technology Co., Ltd. etc.	"	Financial assets at fair value through profit or loss-current Valuation adjustment of financial assets at fair value through profit or loss	Omitted	\$ 50,127 630	-	\$ 50,127
Freedom International Group Ltd.	Beneficiary certificate-JPM USD LIQUIDITY LANAV C.(ACC)(LUX LISTING)	None	Financial assets at fair value through profit or loss-current Valuation adjustment of financial assets at fair value through profit or loss	3,000	\$ 50,757 USD 2,138 thousand USD 15 thousand	-	USD 2,153 thousand
Chi-Ga Investments Corp.	Listed stocks - Walsin Technology Corporation etc.	None	Financial assets at fair value through other comprehensive income—Non current	Omitted	\$ 888,387		\$ 2,194,972
			Valuation adjustment of financial assets at fair value through other comprehensive income		1,306,585		
			Financial assets at fair value through other comprehensive income—Non current	Omitted	\$ 2,194,972	0.11%~ 16.25%	\$ 26,725
	Unlisted stocks - Hui Yang Venture Capital Co., Ltd. etc.	"	Valuation adjustment of financial assets at fair value through other comprehensive income		24,365		
			Valuation adjustment of financial assets at fair value through other comprehensive income		2,360		
G-Style Co., Ltd.	Unlisted stocks - JM Material Technology Inc.	None	Financial assets at fair value through other comprehensive income—Non current	160,000	\$ 26,725 \$ 20,000	10.00%	\$ 2,093
			Valuation adjustment of financial assets at fair value through other comprehensive income		(17,907)		
			Financial assets at fair value through other comprehensive income		\$ 2,093		



GIGA-BYTE TECHNOLOGY CO., LTD.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2012

Table 2

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (Sales)	Amount	Percentage of total purchases (sales)	Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	Expressed in thousands of NT\$ (Except as otherwise indicated)	
						Unit price	Credit term	Balance			
Giga-Byte Technology Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Parent-subsidiary company	Purchases (Sales)	\$	( 20% )	90 days upon receipt of goods	The price was based on the contract price	Normal	\$	1,435,651	15%
	G.B.T. Inc.	"	"	12,236,148	( 20% )	60 days upon receipt of goods	"	"		3,640,567	38%
	G-Style Co., Ltd.	"	"	1,749,018	( 3% )	90 days upon receipt of goods	"	"		454,517	5%
	Giga-Byte Technology B.V.	"	"	666,503	( 1% )	60 days upon receipt of goods	"	"		63,402	1%
	Gigajoy Co., Ltd.	"	"	228,921	-	60 days after billing	"	"		137,820	1%
	G.B.T. LBN Inc.	"	Processing cost	1,579,568	73%	"	"	"		-	-
	"	"	Purchases	402,042	1%	"	"	"		-	-
G.B.T. LBN Inc.	Ningbo Gigabyte Technology Co., Ltd.	Sister companies	Purchases	USD	44%	60 days upon receipt of goods	The price was based on the contract price	Normal		-	-
	Dongguan Gigabyte Electronics Co., Ltd.	"	"	USD	56%	"	"	"		-	-
	G-Style Co., Ltd.	Sister companies	Purchases	USD	5%	60 days upon receipt of goods	The price was based on the contract price	Normal	( USD	588 thousand )	1%
G-Style Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Sister companies	(Sales)		( 13% )	60 days after billing	The price was based on the contract price	Normal		10,983	6%

GIGA-BYTE TECHNOLOGY CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2019

Table 3

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

Expressed in thousands of NTD  
(Except as otherwise indicated)

GIGA-BYTE TECHNOLOGY CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2019

Table 4

Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Expressed in thousands of NTD (Except as otherwise indicated)
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to subsidiary	Sales	\$ 666,503	Note 5	1%
"	"	"	Service expense	134,911	Note 3	-
"	"	"	Service charge	139,621	"	-
"	"	"	Accounts receivable	63,402	Note 5	-
G.B.T. Inc.	"	"	Sales	12,624,549	"	20%
"	"	"	Accounts receivable	3,640,567	"	10%
"	"	"	Warranty cost	74,265	Note 3	-
Ningbo Zhongjia Technology Co., Ltd.	"	Parent company to indirect subsidiary	Sales	12,236,148	Note 1	20%
"	"	"	Accounts receivable	1,439,651	"	4%
G-Style Co., Ltd.	"	Parent company to subsidiary	Sales	1,749,018	"	3%
"	"	"	Accounts receivable	454,517	"	1%
G.B.T. LBN Inc.	"	Parent company to indirect subsidiary	Processing cost	1,579,568	Note 2	3%
"	"	"	Purchases	402,042	"	1%
Gigaipc Co., Ltd.	"	"	Sales	228,921	"	-
"	"	"	Accounts receivable	137,820	"	-
Ningbo Gigabyte Technology Co., Ltd.	"	"	Accounts payable	948,464	"	3%
Dongguan Gigabyte Electronics Co., Ltd.	"	"	Accounts receivable	197,192	Note 3	1%
"	"	"	Accounts payable	1,027,137	Note 2	3%
G.B.T. LBN Inc.	"	Indirect subsidiary to indirect subsidiary	Warranty cost	310,324	Note 3	1%
"	"	"	Processing cost	689,799	"	1%
"	"	"	"	889,769	"	1%
Giga-Byte Technology B.V.	"	Subsidiary to subsidiary	Service expense	137,518	Note 4	-
G-Style Co., Ltd.	"	Subsidiary to indirect subsidiary	Sales	252,528	Note 2	-
"	"	"	Accounts receivable	10,983	"	-
G.B.T. Inc.	"	Subsidiary to subsidiary	Sales	548,949	Note 5	1%

Note 1 : Credit terms were 90 days upon receipt of goods.

Note 2 : Credit terms were 60 days after billing.

Note 3 : Credit terms were 30 days after billing.

Note 4 : Credit terms were 180 days upon receipt of goods.

Note 5 : Credit terms were 60 days upon receipt of goods.

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees

Year ended December 31, 2019

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Book value					
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	\$ 4,617,682	\$ 4,617,682	142,671,692	\$ 5,944,077	100.00	\$ 473,641	\$ 223,952	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Chi-Ca Investments Corp.	Taiwan	Holding company	2,575,000	2,575,000	293,756,500	3,635,838	100.00	( 29,279)	( 29,475)	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	Taiwan	Manufacturing and selling of notebooks	910,000	910,000	72,000,000	311,878	100.00	( 14,536)	( 30,075)	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Giga-Byte Communication Inc.	Taiwan	Manufacturing and selling of communications	1,647,508	1,647,508	2,145,880	22,898	99.86	( 258)	( 258)	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	BYTE International Co., Ltd.	Taiwan	Selling of PC peripherals	303,709	303,709	3,000,000	87,874	100.00	30,663	30,663	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Netherlands	Sales of computer information products	25,984	25,984	8,500	63,713	100.00	23,676	23,592	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	GBT Teeh. Co. Ltd	U.K.	Marketing of computer information products	47,488	47,488	800,000	13,483	100.00	1,892	1,892	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Nippon Giga-Byte Corp.	Japan	Marketing of computer information products	3,495	3,495	1,000	10,436	100.00	1,144	1,144	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Marketing of computer information products	272,959	272,959	-	299,218	100.00	4,688	4,688	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Gigabyte Technology Pty. Ltd.	AUS	Marketing of computer information products	55,664	55,664	2,400,000	54,880	100.00	1,953	1,953	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Gigabyte Technology (India) Private Limited	India	Marketing and maintenance of computer information products	182,868	182,868	4,600,000	14,206	100.00	3,438	3,438	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Gigabyte Global Business Corporation	U.S.A.	ODM Business	-	322	-	-	-	228	228	The Company's subsidiary	

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees

Year ended December 31, 2019

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	208 \$					
Giga-Byte Technology Co. Ltd.	Gigabyte Technology ESPANA S.L.U.	Spain	Marketing of computer information products	\$ 241	\$ 241	5,000	\$ 4,263	100.00	\$ 208	\$ 208	208	The Company's subsidiary
Giga-Byte Technology Co. Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	90,660	90,660	54,116	44,294	48.63	144,436	( 31,410)	( 31,410)	The Company's subsidiary
Giga-Byte Technology Co. Ltd.	Gigabyte Information Technology Commerce Limited Company	Turkey	Marketing of computer information products	3,541	3,541	8,000	2,327	100.00	168	168	168	The Company's subsidiary
Giga-Byte Technology Co. Ltd.	Gigabyte Technology LLC	South Korea	Marketing of computer information products	22,534	22,534	168,000	34,158	100.00	642	642	642	The Company's subsidiary
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Poland	Marketing and maintenance of computer information products	500	500	100	1,741	100.00	32	-	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Charleston Investments Limited	Cayman Islands	Holding company	1,844,922	1,844,922	57,032,142	2,793,876	100.00	346,687	-	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. LBN Inc.	Malaysia	Sales of computer information products	-	-	-	404,998	100.00	214,629	-	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	109,459	109,459	57,169	154,166	51.37	144,436	-	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Gigabyte Trading Inc.	U.S.A.	ODM Business	1,623	1,623	50,000	1,530	100.00	81	-	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Giga Future Limited	British Virgin Islands	Holding company	2,689,068	2,689,068	82,819,550	3,241,114	100.00	293,263	-	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Giga Advance (Labuan)Limited	Malaysia	Sales of computer information products	5,648	5,648	10,000	11,160	100.00	234	-	-	The Company's indirect subsidiary
Freedom International Group Ltd.	LCKT Yuan Chian Technology Co., Ltd.(Cayman)	Cayman Islands	Holding company	92,775	92,775	3,000,000	21,193	30.00	85,892	-	-	Subsidiary's investee company accounted for under the equity method
Freedom International Group Ltd.	Aorus Pte. Ltd.	Singapore	Sales of computer information products	60,757	60,757	3,073,000	20,155	100.00	2,836	-	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	600,000	600,000	65,290,000	703,462	100.00	28,571	-	-	The Company's indirect subsidiary

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees

Year ended December 31, 2019

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income/(loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares						
Chi-Ga Investments Corp.	Giga-Trend International Management Group Ltd.	Taiwan	Venture capital management and consulting company	\$ 6,000	\$ 5,483	600,000	60.00	\$ 18,363	\$ 9,853	\$ -	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Senyun Precise Optical Co., Ltd	Taiwan	Manufacturing and selling of optical lens	588,441	786,990	54,727,814	86.24	268,124	( 261,151)	( -)	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Gigazone Holdings Limited	British Virgin Islands	Holding company	173,928	173,928	34,500	100.00	-	( 3,436)	( -)	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Selita Precision Co., Ltd.	Taiwan	Manufacturing, wholesale and retail of bicycle and parts	50,000	50,000	5,000,000	100.00	37,422	( 187)	( -)	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Green Share Co., Ltd.	Taiwan	Wholesale of information software	-	9,424	-	-	-	29	( -)	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	GIGAIPC Co., Ltd.	Taiwan	Sales of computer information products	200,000	200,000	20,000,000	100.00	170,764	( 7,814)	( -)	-	The Company's indirect subsidiary
Ningbo BestYield Tech Services Co., Ltd.	OGS Europe B.V.	Netherlands	Selling of communications	12,443	12,443	3,000	100.00	13,881	3,796	( -)	-	The Company's indirect subsidiary

**GIGA-BYTE TECHNOLOGY CO., LTD.**  
Information on investments in Mainland China

Year ended December 31, 2019

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	\$ 1,180,938	Note 1	\$ 1,180,938	-	\$ 1,180,938	\$ 198,131	100.00	\$ 198,131	\$ 1,484,248	-	The Company's indirect subsidiary
Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	259,752	Note 1	259,752	-	259,752	118,359	100.00	118,359	1,128,174	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	181,923	Note 1	165,515	-	165,515	24,186	100.00	24,186	163,402	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,853	Note 3	-	-	-	122,167	100.00	122,167	995,126	-	The Company's indirect subsidiary
Ningbo Gigabyte Technology Co., Ltd.	Manufacturing of computer information products	2,780,313	Note 1	2,780,313	-	2,780,313	288,573	100.00	288,573	3,148,655	-	The Company's indirect subsidiary
Gigazone International (Shenzhen) Shenzhen BestYield Tech. Services Co., Ltd.	Selling of PC peripherals Maintenance of computer information products	-	Note 3	203,761	-	-	107	100.00	( 107)	-	-	The Company's indirect subsidiary
Dongguan Senyun Precise Optical Co., Ltd	Selling of mold and industrial plastic products	15,841	Note 3	-	-	-	451	100.00	( 451)	3,414	-	The Company's indirect subsidiary
Zaozhuang BestYield Resources Recycling Co., Ltd.	Recycling and selling of renewable resources	1,609	Note 2	1,609	-	1,609	902	86.24	( 778)	185	-	The Company's indirect subsidiary
		5,507	Note 3	-	-	-	1,778	100.00	1,778	6,914	-	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	December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Giga-Byte Technology Co., Ltd.		4,386,518	4,402,053	14,578,687
Chi-Ga Investments Corp.	203,761		203,761	2,181,515
Senyun Precise Optical Co., Ltd.	1,609	9,974	9,974	186,538

GIGA-BYTE TECHNOLOGY CO., LTD.

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

Year ended December 31, 2019

Table 7

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

Investee in Mainland	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			
	Amount	%	Amount	%	Balance at December 31, 2019	%	Balance at December 31, 2019	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019	Interest rate	Interest during the year ended December 31, 2019	Others
Ningbo Gigabyte Technology Co., Ltd.	\$ 32,705	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	- Processing cost paid at \$689,799
"	( 45,570)	-	( 948,464)	( 11)	-	-	-	-	-	-	-	-
Ningbo Zhongjia Technology Co., Dongguan Gigabyte Electronics Co., Ltd.	12,236,148	20	-	-	1,439,651	9	-	-	-	-	-	- Processing cost paid at \$889,769
"	29,832	-	-	-	197,192	-	-	-	-	-	-	-
Ningbo Best Yield Tech. Services Co., Ltd.	( 80,242)	-	( 1,027,137)	( 11)	-	-	-	-	-	-	-	- After-sales service costs paid at \$320,875
"	35,043	-	-	-	4,415	-	-	-	-	-	-	-



V. Audited Consolidated Financial Statements in the most recent year

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2019, 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. Also, 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 13, 2020

## 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, 2019 and 2018, 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 auditors, 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, 2019 and 2018, 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(32) for the accounting policies on revenue recognition. For the year ended December 31, 2019, the consolidated operating revenue amounted to NT\$61,781,254 thousand.

Giga-Byte Technology Group's revenue is derived from numerous customers 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, 2019, the inventories and allowance for valuation loss amounted to NT\$11,828,947 thousand and NT\$484,655 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 of 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 auditors***

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 other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts included in the financial statements was based solely on the reports of the other auditors. The aforementioned equity investments were \$21,193 thousand and \$48,519 thousand, representing 0.06% and 0.14% of total consolidated assets as of December 31, 2019 and 2018, respectively, and total net comprehensive loss were \$27,326 thousand and \$28,382 thousand, representing (1.29%) and (1.13%) 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 with Other matter paragraph on the parent company only financial statements of Giga-Byte Technology Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

### ***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.

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Se-Kai Lin  
For and on behalf of PricewaterhouseCoopers, Taiwan  
March 13, 2020

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Fang-Yu Wang

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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, 2019 AND 2018**

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 9,907,845	26	\$ 8,610,907	24
1110	Financial assets at fair value through profit or loss - current	6(2)	729,427	2	891,231	3
1136	Financial assets at amortised cost - current	6(4) and 8	705,762	2	1,162,817	3
1150	Notes receivable, net	6(5)	2,996	-	3,047	-
1170	Accounts receivable, net	6(5)	6,619,142	18	5,813,268	16
1200	Other receivables		129,617	-	105,666	-
1220	Current income tax assets		44,613	-	-	-
130X	Inventories, net	6(6)	11,344,292	30	11,520,153	32
1410	Prepayments		604,762	2	680,974	2
1470	Other current assets	6(7) and 8	20,704	-	171,356	1
11XX	<b>Total current assets</b>		<b>30,109,160</b>	<b>80</b>	<b>28,959,419</b>	<b>81</b>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	2,223,790	6	1,714,344	5
1535	Financial assets at amortized cost-non-current	6(4) and 8	211,075	1	-	-
1550	Investments accounted for using the equity method	6(8)	21,193	-	48,519	-
1600	Property, plant and equipment, net	6(9)	4,085,922	11	4,131,468	12
1755	Right-of-use assets	6(10)	182,698	-	-	-
1760	Investment property, net	6(12)	50,991	-	57,315	-
1780	Intangible assets		30,789	-	51,998	-
1840	Deferred income tax assets	6(30)	542,738	1	522,362	1
1900	Other non-current assets	6(13) and 8	253,185	1	249,170	1
15XX	<b>Total non-current assets</b>		<b>7,602,381</b>	<b>20</b>	<b>6,775,176</b>	<b>19</b>
1XXX	<b>Total assets</b>		<b>\$ 37,711,541</b>	<b>100</b>	<b>\$ 35,734,595</b>	<b>100</b>

(Continued)



**GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2019 AND 2018**

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
<b>Liabilities</b>						
<b>Current liabilities</b>						
2100	Short-term borrowings	6(14)	\$ 289,088	1	\$ 309,722	1
2130	Contract liabilities-current	6(24)	247,156	1	335,964	1
2150	Notes payable		58,116	-	11,465	-
2170	Accounts payable		7,230,678	19	5,272,720	15
2200	Other payables	6(15)	3,934,910	10	3,834,550	10
2230	Current income tax liabilities		27,662	-	446,037	1
2250	Provisions for liabilities - current	6(16)	556,798	1	433,059	1
2280	Lease liabilities-current		84,216	-	-	-
2300	Other current liabilities	6(17)	236,661	1	312,121	1
21XX	<b>Total current liabilities</b>		<u>12,665,285</u>	<u>33</u>	<u>10,955,638</u>	<u>30</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(18)	3,000	-	10,833	-
2570	Deferred income tax liabilities	6(30)	-	-	77	-
2580	Lease liabilities-non-current		57,696	-	-	-
2600	Other non-current liabilities		632,449	2	599,381	2
25XX	<b>Total non-current liabilities</b>		<u>693,145</u>	<u>2</u>	<u>610,291</u>	<u>2</u>
2XXX	<b>Total liabilities</b>		<u>13,358,430</u>	<u>35</u>	<u>11,565,929</u>	<u>32</u>
<b>Equity</b>						
<b>Equity attributable to owners of the parent</b>						
<b>Capital stock</b>						
3110	Common stock	6(21)	6,356,889	17	6,356,889	18
<b>Capital surplus</b>						
3200	Capital surplus	6(22)	3,896,889	11	3,924,357	11
<b>Retained earnings</b>						
3310	Legal reserve	6(23)	4,381,896	12	4,125,245	12
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings		8,618,094	23	8,865,838	25
<b>Other equity</b>						
3400	Other equity		617,689	1	384,792	1
31XX	<b>Total equity attributable to owners of the parent</b>		<u>24,297,811</u>	<u>65</u>	<u>24,083,475</u>	<u>68</u>
36XX	<b>Non-controlling interest</b>		<u>55,300</u>	<u>-</u>	<u>85,191</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>24,353,111</u>	<u>65</u>	<u>24,168,666</u>	<u>68</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 37,711,541</u>	<u>100</u>	<u>\$ 35,734,595</u>	<u>100</u>

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, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	2019		2018	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(24)	\$ 61,781,254	100	\$ 60,923,590	100
5000 <b>Operating costs</b>	6(6)(28)(29)	( 52,190,385)	( 84)	( 50,800,376)	( 83)
5900 <b>Gross profit</b>		<u>9,590,869</u>	<u>16</u>	<u>10,123,214</u>	<u>17</u>
<b>Operating expenses</b>	6(28)(29)				
6100 Selling expenses		( 4,280,298)	( 7)	( 4,339,520)	( 7)
6200 General and administrative expenses		( 1,814,616)	( 3)	( 1,649,904)	( 3)
6300 Research and development expenses		( 2,020,307)	( 3)	( 1,868,136)	( 3)
6450 Expected credit gains	6(28) and 12(2)	( 28,415)	-	9,934	-
6000 <b>Total operating expenses</b>		<u>( 8,143,636)</u>	<u>( 13)</u>	<u>( 7,847,626)</u>	<u>( 13)</u>
6900 <b>Operating profit</b>		<u>1,447,233</u>	<u>3</u>	<u>2,275,588</u>	<u>4</u>
<b>Non-operating revenue and expenses</b>					
7010 Other income	6(12)(25)	796,183	1	825,045	1
7020 Other gains and losses	6(26)	56,445	-	( 117,450)	-
7050 Finance costs	6(14)(27)	( 10,845)	-	( 4,229)	-
7060 Share of loss of associates and joint ventures accounted for using the equity method	6(8)	( 25,768)	-	( 26,183)	-
7000 <b>Total non-operating revenue and expenses</b>		<u>816,015</u>	<u>1</u>	<u>677,183</u>	<u>1</u>
7900 <b>Profit before income tax</b>		2,263,248	4	2,952,771	5
7950 Income tax expense	6(30)	( 355,705)	( 1)	( 456,646)	( 1)
8200 <b>Profit for the year</b>		<u>\$ 1,907,543</u>	<u>3</u>	<u>\$ 2,496,125</u>	<u>4</u>

(Continued)

**GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	2019		2018		
		Amount	%	Amount	%	
<b>Other comprehensive income-net</b>						
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
8311	Remeasurements of defined benefit plans	6(19)	(\$ 29,084)	-	\$ 17,336	-
8316	Unrealised gain on valuation of investment in equity instruments measured at fair value through other comprehensive income	6(3)	509,446	1	127,094	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	5,817	-	256	-
8310	<b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>		<u>486,179</u>	<u>1</u>	<u>144,686</u>	<u>-</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Exchange differences arising from translation of foreign operations		( 276,549)	( 1)	( 129,559)	-
8360	<b>Components of other comprehensive loss that will be reclassified to profit or loss</b>		<u>( 276,549)</u>	<u>( 1)</u>	<u>( 129,559)</u>	<u>-</u>
8300	<b>Other comprehensive income, net</b>		<u>\$ 209,630</u>	<u>-</u>	<u>\$ 15,127</u>	<u>-</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 2,117,173</u>	<u>3</u>	<u>\$ 2,511,252</u>	<u>4</u>
<b>Profit attributable to:</b>						
8610	Owners of parent		\$ 1,939,241	3	\$ 2,566,512	4
8620	Non-controlling interest		( 31,698)	-	( 70,387)	-
	<b>Total</b>		<u>\$ 1,907,543</u>	<u>3</u>	<u>\$ 2,496,125</u>	<u>4</u>
<b>Comprehensive income attributable to:</b>						
8710	Owners of parent		\$ 2,148,871	3	\$ 2,581,642	4
8720	Non-controlling interest		( 31,698)	-	( 70,390)	-
	<b>Total</b>		<u>\$ 2,117,173</u>	<u>3</u>	<u>\$ 2,511,252</u>	<u>4</u>
9750	<b>Basic earnings per share</b>	6(31)	<u>\$</u>	<u>3.05</u>	<u>\$</u>	<u>4.04</u>
9850	<b>Diluted earnings per share</b>		<u>\$</u>	<u>3.02</u>	<u>\$</u>	<u>3.98</u>

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

Notes	Equity attributable to equity holders of the company							Total	Non-controlling interest	Total equity
	Capital stock- Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from translation of foreign operations	Other equity interest- Unrealised gain or loss on valuation of financial assets at fair value through other comprehensive income			
<b>Year 2018</b>										
Balance at January 1, 2018	\$ 6,356,889	\$ 3,962,314	\$ 3,846,604	\$ 426,354	\$ 9,567,977	(\$ 267,365)	\$ -	\$ 197,128	\$ 142,423	\$ 24,089,901
Adjustments under new standards	-	-	-	-	(464,366)	-	654,619	(197,128)	(1,582)	(6,875)
Adjusted beginning balance	6,356,889	3,962,314	3,846,604	426,354	9,103,611	(267,365)	654,619	-	140,841	24,083,026
Profit (loss) for the year	-	-	-	-	2,566,512	-	-	-	(70,387)	2,566,512
Other comprehensive income (loss) for the year	-	-	-	-	17,592	(129,556)	127,094	-	(3)	15,127
Total comprehensive income (loss)	-	-	-	-	2,584,104	(129,556)	127,094	-	(70,390)	2,581,642
Appropriations of 2017 earnings: 6(23)										
Legal reserve	-	-	278,641	-	(278,641)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,542,756)	-	-	-	(3,329)	(2,546,085)
Recognition of share-based payments of subsidiaries 6(20)	-	1,196	-	-	-	-	-	-	397	1,593
Disposal of equity instruments at fair value through other comprehensive income 6(3)	-	-	-	-	(480)	-	-	-	-	(480)
Changes in equity of subsidiaries accounted for using equity method	-	(39,153)	-	-	-	-	-	-	-	(39,153)
Changes in non-controlling interest	-	-	-	-	-	-	781,713	-	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	\$ -	\$ 85,191	\$ 24,083,475
<b>Year 2019</b>										
Balance at January 1, 2019	\$ 6,356,889	\$ 3,924,357	\$ 4,125,245	\$ 426,354	\$ 8,865,838	(\$ 396,921)	\$ 781,713	\$ -	\$ 85,191	\$ 24,168,666
Profit (loss) for the year	-	-	-	-	1,939,241	-	-	-	(31,698)	1,907,543
Other comprehensive income (loss) for the year	-	-	-	-	23,267	(276,549)	509,446	-	-	209,630
Total comprehensive income (loss)	-	-	-	-	1,915,974	(276,549)	509,446	-	(31,698)	2,148,871
Appropriations of 2018 earnings: 6(23)										
Legal reserve	-	-	256,651	-	(256,651)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,907,067)	-	-	-	(1,743)	(1,908,810)
Changes in equity of subsidiaries accounted for using equity method	-	(27,468)	-	-	-	-	-	-	-	(27,468)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	3,550	3,550
Balance at December 31, 2019	\$ 6,356,889	\$ 3,896,889	\$ 4,381,896	\$ 426,354	\$ 8,618,094	(\$ 673,470)	\$ 1,291,159	\$ -	\$ 55,300	\$ 24,297,811

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

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
<b><u>Cash flows from operating activities:</u></b>			
Profit before income tax		\$ 2,263,248	\$ 2,952,771
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)(10)(28)	598,733	438,400
Depreciation charge on investment property	6(12)	4,350	5,026
Amortisation	6(28)	102,148	158,118
Profit from lease modification	6(26)	( 13 )	-
Expected credit loss (gain)	6(28) and 12(2)	28,415	( 9,934 )
(Gain) loss on valuation of financial assets at fair value through profit or loss	6(2)(26)	( 63,616 )	36,277
Interest expense	6(27)	10,845	4,229
Interest income	6(25)	( 109,497 )	( 107,387 )
Dividends income	6(25)	( 135,974 )	( 58,430 )
Share of loss of associates and joint ventures accounted for using equity method	6(8)	25,768	26,183
Gain on disposal of investments accounted for using equity method	6(26)	-	( 707 )
Loss on disposal of property, plant and equipment	6(26)	6,723	12,103
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		225,420	( 12,241 )
Notes receivable		51	1,110
Accounts receivable		( 832,441 )	875,535
Other receivables		( 23,223 )	105,495
Inventories		174,539	( 2,965,921 )
Prepayments		75,330	( 566,025 )
Other current assets		44,630	249,727
Net changes in liabilities relating to operating activities			
Contract liabilities		( 88,808 )	9,010
Notes payable		46,651	( 11,316 )
Accounts payable		1,957,958	( 3,310,679 )
Other payables		98,927	107,452
Provisions for liabilities		123,739	( 118,862 )
Other current liabilities		( 75,127 )	39,973
Other non-current liabilities		32,727	46,547
Cash generated from (used in) operations		4,491,503	( 2,093,546 )
Interest received		108,769	109,144
Dividend received		135,974	58,430
Interest paid		( 10,845 )	( 4,229 )
Income tax paid		( 839,146 )	( 404,216 )
Net cash generated from (used in) operating activities, net		<u>3,886,255</u>	<u>( 2,334,417 )</u>

(Continued)

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

	Notes	2019	2018
<b><u>Cash flows from investing activities:</u></b>			
Acquisition of financial assets at amortised cost		\$ -	(\$ 656,395)
Proceeds from disposal of financial assets at amortised cost		418,198	-
Acquisition of property, plant and equipment	6(33)	( 565,650 )	( 610,408 )
Proceeds from disposal of property, plant and equipment		4,520	9,356
Acquisition of intangible assets		( 51,164 )	( 80,421 )
Increase in refundable deposits		( 3,315 )	( 3,065 )
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		( 87,436 )	( 15,448 )
Net cash used in investing activities		( 284,847 )	( 1,947,350 )
<b><u>Cash flows from financing activities:</u></b>			
Decrease in short-term borrowings	6(34)	( 20,634 )	( 19,967 )
Repayments of long-term debt	6(34)	( 8,166 )	( 2,001 )
Proceeds from long-term debt		-	15,000
Increase (decrease) in deposits received	6(34)	341	( 560 )
Cash dividends	6(23)	( 1,907,067 )	( 2,542,756 )
Repayments of principal portion of lease liabilities	6(34)	( 91,030 )	-
Cash dividends paid to non-controlling interest		( 1,743 )	( 3,329 )
Changes in non-controlling interest		3,550	38,737
Net cash used in financing activities		( 2,024,749 )	( 2,514,876 )
Effect of exchange rate changes on cash and cash equivalents		( 279,721 )	( 44,048 )
Net increase (decrease) in cash and cash equivalents		1,296,938	( 6,840,691 )
Cash and cash equivalents at beginning of year		8,610,907	15,451,598
Cash and cash equivalents at end of year		\$ 9,907,845	\$ 8,610,907

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, 2019 AND 2018

(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 13, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
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.

IFRS 16, ‘Leases’

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

- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Company increased ‘right-of-use asset’ by \$233,085, increased ‘lease liability’ by \$190,460, decreased other non-current assets by \$41,743 and decreased prepayments by \$882 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
  - The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
  - The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$88,479 was recognised in the 2019.
  - The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.
  - The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 0.65% ~8.17%.
- E. The Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 345,157
Less: Short-term leases	( 65,923)
Less: Low-value assets	( 857)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	278,377
Incremental borrowing interest rate at the date of initial application	0.65%~8.17%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	<u>\$ 190,460</u>

(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 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020



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

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

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

The above standards and interpretations have no significant impact to the 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.
- (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.

(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(%)		Description
			2019	2018	
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	
"	Chi-Ga Investment Corp.	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	
"	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	Note 1
"	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	100.00	

Investor	Subsidiary	Main activities	Ownership(%)		Description
			2019	2018	
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	
Chi-Ga Investment Corp.	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	Note 2
"	Selita Precision Co., Ltd.	Manufacturing of bicycle and parts	100.00	100.00	
"	Green Share Co., Ltd.	Wholesale of information system	-	51.00	Note 3
"	Senyun Precise Optical Co., Ltd	Manufacturing and selling of mold and industrial plastic products	86.24	76.86	Note 4
"	GIGAIPC CO., LTD.	Selling of computer information products	100.00	100.00	
Gigazone Holdings Limited	Gigazone International (Shenzhen)	Selling of PC peripherals	-	52.27	Note 5
Ningbo Zhongjia Technology Co., Ltd.	Gigazone International (Shenzhen)	Selling of PC peripherals	-	47.73	Note 5
Ningbo BestYield Tech. Services Co., Ltd.	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	
"	Zaozhuang Bestyield Resources Recycling Co., Ltd.	Recycling and selling of renewable resources	100.00	-	Note 6
Senyun Precise Optical Co., Ltd	Dongguan Senyun Precise Optical Co., Ltd	Selling of mold and industrial plastic products	100.00	100.00	

Note 1: This company has completed the liquidation process on April 17, 2019.

Note 2: This company resolved to liquidate on December 25, 2019.

Note 3: This company has completed the liquidation process on December 24, 2019.

Note 4: On January 5, 2018 and December 25, 2018, Chi-Ga Investment Corp. 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%. On December 20, 2019, Chi-Ga Investment Corp. increased its capital investment in Senyun Precise Optical Co., Ltd. by cash in the amount of \$262,878. After the acquisition, the total share interest ratio was 86.24%.

Note 5: This company has completed the liquidation process on November 5, 2019.

Note 6: This company was newly established in 2019.

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 arrangement, 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 arrangement after losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

#### (5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

#### (6) Cash equivalents

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

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

- 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

- 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

- 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) Leasing arrangements (lessor) – operating leases

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

(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~ 8 years
Office equipment	2~20 years
Other tangible operating assets	1~15 years

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

Effective 2019

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

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

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

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

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee.

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

(19) Operating leases (lessee)

Prior to 2019

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

(20) 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.

(21) 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. Trademark right (indefinite useful life)

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

(22) 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.

(23) 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.

(24) 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.

(25) Derecognition of financial liabilities

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

(26) Provisions

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.

(27) 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.

(28) 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.

(29) 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.

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

(30) 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.

(31) 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.

(32) 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, volume discounts, sales returns and allowances. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. 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 repair for faulty products under the standard warranty terms is recognised as a provision.

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

(33) 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.

(34) 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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand and revolving funds	\$ 4,149	\$ 4,395
Checking accounts and demand deposits	4,974,316	6,638,664
Time deposits	<u>4,929,380</u>	<u>1,967,848</u>
	<u>\$ 9,907,845</u>	<u>\$ 8,610,907</u>

- 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 reclassified the pledged bank deposits and time deposits with more than three months maturity to “Financial assets at amortised cost”, please refer to Notes 6(4) and 8 for the details.

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

<u>Financial assets mandatorily measured at fair value through profit or loss</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Listed stocks	\$ 48,979	\$ 165,138
Emerging stocks	-	53,478
Unlisted stocks	67,715	154,273
Beneficiary certificates	579,020	343,447
Government bonds	16,298	125,586
Corporate bond	<u>50,127</u>	<u>104,373</u>
	762,139	946,295
Valuation adjustment (including allowance for uncollectible accounts)	<u>( 32,712)</u>	<u>( 55,064)</u>
	<u>\$ 729,427</u>	<u>\$ 891,231</u>

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

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 48,483	(\$ 34,281)
Debt instrument	10,414	( 2,353)
Beneficiary certificates	<u>4,719</u>	<u>357</u>
	<u>\$ 63,616</u>	<u>(\$ 36,277)</u>

- 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).

(3) Financial assets at fair value through other comprehensive income - non-current

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Equity instruments		
Listed stocks	\$ 888,387	\$ 888,387
Unlisted stocks	<u>44,364</u>	<u>44,364</u>
	932,751	932,751
Valuation adjustment (including allowance for uncollectible accounts)	<u>1,291,039</u>	<u>781,593</u>
	<u>\$ 2,223,790</u>	<u>\$ 1,714,344</u>



- 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 \$2,223,790 and \$1,714,344 as at December 31, 2019 and 2018, respectively.
- 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:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>509,446</u>	\$ <u>127,094</u>
Cumulative losses reclassified to retained earnings due to derecognition	\$ <u>-</u>	(\$ <u>480</u> )
Dividend income recognised in profit or loss held at end of year	\$ <u>132,013</u>	\$ <u>49,888</u>

- D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$2,223,790 and \$1,714,344, respectively.
- 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).

(4) Financial assets at amortised cost

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Time deposits with more than three months maturity	\$ 701,246	\$ 1,162,817
Pledged bank deposits	<u>4,516</u>	<u>-</u>
	<u>\$ 705,762</u>	<u>\$ 1,162,817</u>
Non-current items:		
Pledged bank deposits	<u>\$ 211,075</u>	<u>\$ -</u>

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

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest income	\$ <u>23,464</u>	\$ <u>13,868</u>

B. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$916,837 and \$1,162,817, respectively.

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

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

(5) Notes and accounts receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable	\$ <u>2,996</u>	\$ <u>3,047</u>
Accounts receivable	\$ 6,799,600	\$ 5,971,900
Less: Allowance for uncollectible accounts	( <u>180,458</u> )	( <u>158,632</u> )
	<u>\$ 6,619,142</u>	<u>\$ 5,813,268</u>

A. Details of notes receivable of the Group that were not yet past due and ageing analysis of accounts receivable are provided in Note 12(2).

B. As of December 31, 2019 and 2018, and January 1, 2018, the balances of receivables (including notes receivable) from contracts with customers amounted to \$6,802,596, \$5,974,947 and \$6,858,790, respectively.

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

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$2,996 and \$3,047, \$6,619,142 and \$5,813,268, respectively.

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

(6) Inventories

	<u>December 31, 2019</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and supplies	\$ 3,029,112	(\$ 137,118)	\$ 2,891,994
Work in progress	2,018,892	( 29,251)	1,989,641
Finished goods and merchandise inventories	<u>6,780,943</u>	<u>( 318,286)</u>	<u>6,462,657</u>
	<u>\$ 11,828,947</u>	<u>(\$ 484,655)</u>	<u>\$ 11,344,292</u>

	<u>December 31, 2018</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
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	<u>7,504,775</u>	<u>( 829,227)</u>	<u>6,675,548</u>
	<u>\$ 12,493,921</u>	<u>(\$ 973,768)</u>	<u>\$ 11,520,153</u>

The cost of inventories recognised as expense for the year:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Cost of inventories sold	\$ 51,845,122	\$ 49,571,351
Cost of warranty	835,699	557,134
(Gain on reversal of valuation) loss on valuation	( 490,436)	664,529
Others	<u>-</u>	<u>7,362</u>
	<u>\$ 52,190,385</u>	<u>\$ 50,800,376</u>

For the year ended December 31, 2019, the Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the sale of part of its inventories which were declining in market value.

(7) Other current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Pledged assets	\$ -	\$ 106,022
Others	<u>20,704</u>	<u>65,334</u>
	<u>\$ 20,704</u>	<u>\$ 171,356</u>

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

	<u>2019</u>	<u>2018</u>
At January 1	\$ 48,519	\$ 76,901
Share of loss of investments accounted for using equity method	( 25,768)	( 26,183)
Changes in other equity items	( 1,558)	( 2,199)
At December 31	<u>\$ 21,193</u>	<u>\$ 48,519</u>

December 31, 2019    December 31, 2018

Joint ventures

LCKT Yuan Chang Technology Co., Ltd. (Cayman)    \$ 21,193    \$ 48,519

A. Abovementioned investments accounted for using equity method are based on investee companies' financial statements audited by other auditors.

B. The Group has no material joint venture investment. The Group's share of the operating results of the aforementioned investments are summarized below:

The Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarized below:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Comprehensive loss	<u>(\$ 27,326)</u>	<u>(\$ 28,382)</u>

(9) Property, plant and equipment

2019

	Land		Buildings		Machinery		Others		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	
<u>At January 1</u>									
Cost	\$ 1,068,918	\$ 75,067	\$ 1,143,985	\$ 3,083,104	\$ 43,200	\$ 3,126,304	\$ 2,992,888	\$ 1,495,421	\$ 8,758,598
Accumulated depreciation	-	-	-	( 1,532,526)	( 6,744)	( 1,539,270)	( 2,035,044)	( 1,052,816)	( 4,627,130)
	<u>\$ 1,068,918</u>	<u>\$ 75,067</u>	<u>\$ 1,143,985</u>	<u>\$ 1,550,578</u>	<u>\$ 36,456</u>	<u>\$ 1,587,034</u>	<u>\$ 957,844</u>	<u>\$ 442,605</u>	<u>\$ 4,131,468</u>
At January 1	\$ 1,068,918	\$ 75,067	\$ 1,143,985	\$ 1,550,578	\$ 36,456	\$ 1,587,034	\$ 957,844	\$ 442,605	\$ 4,131,468
Additions	-	-	-	10,574	-	10,574	68,352	488,157	567,083
Disposals	-	-	-	( 296)	-	( 296)	( 5,773)	( 5,174)	( 11,243)
Reclassifications	6,899	-	6,899	( 6,446)	-	( 6,446)	90,142	( 141,573)	( 50,978)
Depreciation charge	-	-	-	( 110,541)	( 845)	( 111,386)	( 218,131)	( 176,888)	( 506,405)
Net exchange differences	( 3,579)	-	( 3,579)	( 15,893)	-	( 15,893)	( 16,587)	( 7,944)	( 44,003)
At December 31	<u>\$ 1,072,238</u>	<u>\$ 75,067</u>	<u>\$ 1,147,305</u>	<u>\$ 1,427,976</u>	<u>\$ 35,611</u>	<u>\$ 1,463,587</u>	<u>\$ 875,847</u>	<u>\$ 599,183</u>	<u>\$ 4,085,922</u>
<u>At December 31</u>									
Cost	\$ 1,072,238	\$ 75,067	\$ 1,147,305	\$ 2,997,915	\$ 43,200	\$ 3,041,115	\$ 2,950,401	\$ 1,729,090	\$ 8,867,911
Accumulated depreciation	-	-	-	( 1,569,939)	( 7,589)	( 1,577,528)	( 2,074,554)	( 1,129,907)	( 4,781,989)
	<u>\$ 1,072,238</u>	<u>\$ 75,067</u>	<u>\$ 1,147,305</u>	<u>\$ 1,427,976</u>	<u>\$ 35,611</u>	<u>\$ 1,463,587</u>	<u>\$ 875,847</u>	<u>\$ 599,183</u>	<u>\$ 4,085,922</u>

2018

	Land		Buildings		Machinery		Others		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Others-occupied	Total
<u>At January 1</u>									
Cost	\$ 932,628	\$ 72,563	\$ 1,005,191	\$ 3,080,678	\$ 41,799	\$ 3,122,477	\$ 3,076,783	\$ 1,250,780	\$ 8,455,231
Accumulated depreciation	-	-	-	( 1,479,856)	( 5,723)	( 1,485,579)	( 2,110,995)	( 982,640)	( 4,579,214)
	<u>\$ 932,628</u>	<u>\$ 72,563</u>	<u>\$ 1,005,191</u>	<u>\$ 1,600,822</u>	<u>\$ 36,076</u>	<u>\$ 1,636,898</u>	<u>\$ 965,788</u>	<u>\$ 268,140</u>	<u>\$ 3,876,017</u>
At January 1	\$ 932,628	\$ 72,563	\$ 1,005,191	\$ 1,600,822	\$ 36,076	\$ 1,636,898	\$ 965,788	\$ 268,140	\$ 3,876,017
Additions	55,641	-	55,641	30,917	-	30,917	101,207	437,264	625,029
Disposals	-	-	-	( 3,646)	-	( 3,646)	( 15,643)	( 2,170)	( 21,459)
Reclassifications	79,771	2,504	82,275	40,274	1,401	41,675	116,356	( 120,907)	119,399
Depreciation charge	-	-	-	( 104,820)	( 1,021)	( 105,841)	( 198,260)	( 134,299)	( 438,400)
Net exchange differences	878	-	878	( 12,969)	-	( 12,969)	( 11,604)	( 5,423)	( 29,118)
<u>At December 31</u>	<u>\$ 1,068,918</u>	<u>\$ 75,067</u>	<u>\$ 1,143,985</u>	<u>\$ 1,550,578</u>	<u>\$ 36,456</u>	<u>\$ 1,587,034</u>	<u>\$ 957,844</u>	<u>\$ 442,605</u>	<u>\$ 4,131,468</u>
<u>At December 31</u>									
Cost	\$ 1,068,918	\$ 75,067	\$ 1,143,985	\$ 3,083,104	\$ 43,200	\$ 3,126,304	\$ 2,992,888	\$ 1,495,421	\$ 8,758,598
Accumulated depreciation	-	-	-	( 1,532,526)	( 6,744)	( 1,539,270)	( 2,035,044)	( 1,052,816)	( 4,627,130)
	<u>\$ 1,068,918</u>	<u>\$ 75,067</u>	<u>\$ 1,143,985</u>	<u>\$ 1,550,578</u>	<u>\$ 36,456</u>	<u>\$ 1,587,034</u>	<u>\$ 957,844</u>	<u>\$ 442,605</u>	<u>\$ 4,131,468</u>

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) Leasing arrangements – lessee

Effective 2019

- A. The Group leases various assets including land, buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of buildings and business vehicles. Low-value assets comprise multifunction printers. As at December 31, 2019, payments of lease commitments for short-term leases amounted to \$3,331.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2019</u>	<u>Year ended December 31, 2019</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Buildings	\$ 113,417	\$ 65,801
Land-use right	38,880	1,503
Transportation equipment	<u>30,401</u>	<u>25,024</u>
	<u>\$ 182,698</u>	<u>\$ 92,328</u>

D. For the year ended December 31, 2019, the additions to right-of-use assets was \$45,939.

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

	<u>Year ended December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 3,307
Expense on short-term lease contracts	88,479
Expense on leases of low-value assets	6,204

F. For the year ended December 31, 2019, the Group's total cash outflow for leases was \$189,020.

(11) Leasing arrangements – lessor

Effective 2019

- A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the year ended December 31, 2019, the Group recognised rent income in the amount of \$18,199, based on the operating lease agreement, which does not include variable lease payments.

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

	<u>December 31, 2019</u>
2020	\$ 8,860
2021	6,324
2022	5,993
2023	<u>2,781</u>
	<u>\$ 23,958</u>

(12) Investment property

	<u>2019</u>
	<u>Buildings</u>
<u>At January 1</u>	
Cost	\$ 109,285
Accumulated depreciation	<u>( 51,970)</u>
	<u>\$ 57,315</u>
Opening net book amount	\$ 57,315
Depreciation charge	<u>( 4,530)</u>
Net exchange differences	<u>( 1,794)</u>
Closing net book amount	<u>\$ 50,991</u>
<u>At December 31</u>	
Cost	\$ 105,549
Accumulated depreciation	<u>( 54,558)</u>
	<u>\$ 50,991</u>



	2018		
	Land	Buildings	Total
<u>At January 1</u>			
Cost	\$ 82,275	\$ 150,144	\$ 232,419
Accumulated depreciation	-	( 49,427)	( 49,427)
	<u>\$ 82,275</u>	<u>\$ 100,717</u>	<u>\$ 182,992</u>
At January 1	\$ 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)
At December 31	<u>\$ -</u>	<u>\$ 57,315</u>	<u>\$ 57,315</u>
<u>At December 31</u>			
Cost	\$ -	\$ 109,285	\$ 109,285
Accumulated depreciation	-	( 51,970)	( 51,970)
	<u>\$ -</u>	<u>\$ 57,315</u>	<u>\$ 57,315</u>

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

	Years ended December 31,	
	2019	2018
Rental income from investment property	<u>\$ 8,411</u>	<u>\$ 7,859</u>
Direct operating expenses arising from the investment property that generated rental income in the year	<u>\$ 4,530</u>	<u>\$ 5,026</u>

B. The fair value of the investment property held by the Group as at December 31, 2019 and 2018 was \$78,646 and \$85,295, respectively, which was valued 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, 2019	December 31, 2018
Discount rate	3.130%	3.250%

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

(13) Other non-current assets

	December 31, 2019	December 31, 2018
Prepayments for purchase of business facilities	\$ 144,001	\$ -
Guarantee deposits paid	62,388	65,703
Pledged assets	-	66,196
Land-use right	-	41,743
Other	46,796	75,528
	<u>\$ 253,185</u>	<u>\$ 249,170</u>

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

(14) Short-term borrowings

	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 245,000	1.59%~2.60%	None
Secured borrowings	20,000	1.79%~2.00%	Bank deposits
Loan for purchase of raw material	<u>24,088</u>	2.60%	None
	<u>\$ 289,088</u>		

	<u>December 31, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 175,000	1.79%~2.00%	None
Secured borrowings	110,000	1.59%~1.65%	Bank deposits
Loan for purchase of raw material	<u>24,722</u>	1.59%	None
	<u>\$ 309,722</u>		

For the years ended December 31, 2019 and 2018, the Group's interest expense from short-term and long-term borrowings recognised in profit or loss were \$6,740 and \$3,835, respectively.

(15) Other payables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Salary and bonus payable	\$ 2,594,847	\$ 2,668,600
Employees' compensation and directors' and supervisors' remuneration payable	305,821	376,051
Marketing fee payable	252,697	205,817
Shipping and freight-in payable	158,308	129,375
Royalties payable	75,159	66,776
Others	<u>548,078</u>	<u>387,931</u>
	<u>\$ 3,934,910</u>	<u>\$ 3,834,550</u>

(16) Provisions – current

	<u>2019</u>		
	<u>Warranty</u>	<u>Litigation</u>	<u>Total</u>
At January 1	\$ 433,059	\$ -	\$ 433,059
Additional provisions	835,699	43,230	878,929
Used during the year	<u>(755,190)</u>	<u>-</u>	<u>(755,190)</u>
At December 31	<u>\$ 513,568</u>	<u>\$ 43,230</u>	<u>\$ 56,798</u>

	2018		
	<u>Warranty</u>	<u>Litigation</u>	<u>Total</u>
At January 1	\$ 444,706	\$ -	\$ 44,706
Additional provisions	557,134	-	57,134
Used during the year	( 568,781)	-	( 568,781)
At December 31	<u>\$ 433,059</u>	<u>\$ -</u>	<u>\$ 433,059</u>

Analysis of total provisions:

A. Warranty

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.

B. Legal claims

On October 27, 2019, certain customers filed a lawsuit against the Group with the Court of First Instance for contract damages. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims may potentially result to a loss of \$43,230 to the Group to compensate the customers. Therefore, a provision of \$43,230 is recognised for these legal claims and recorded as other losses.

(17) Other current liabilities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Long-term borrowings, current portion	\$ 7,667	\$ 8,000
Other	228,994	304,121
	<u>\$ 236,661</u>	<u>\$ 312,121</u>

(18) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Unsecured borrowings	Borrowing period is from October 30, 2015 to October 30, 2020; interest is repayable	1.92%	None	\$ 1,667
Secured borrowings	Borrowing period is from December 3, 2018 to May 15, 2021; principal is repayable in installments by 3 months from February 15, 2019.	2.00%	None	9,000
Less: Current portion				( 7,667)
				<u>\$ 3,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2018</u>
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, 2019.	2.00%	None	15,000
Less: Current portion				( <u>8,000</u> )
				<u>\$ 10,833</u>

(19) 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:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	(\$ 800,796)	(\$ 764,063)
Fair value of plan assets	<u>228,540</u>	<u>221,165</u>
Net defined benefit liability	<u>(\$ 572,256)</u>	<u>(\$ 542,898)</u>

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

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

	2018		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
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
	<u>( 786,683)</u>	<u>221,537</u>	<u>( 565,146)</u>
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
	<u>11,116</u>	<u>6,220</u>	<u>17,336</u>
Pension fund contribution	-	4,912	4,912
Paid pension	11,504	( 11,504)	-
Balance at December 31	<u>(\$ 764,063)</u>	<u>\$ 221,165</u>	<u>(\$ 542,898)</u>

(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, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

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

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Discount rate	<u>0.75%</u>	<u>1.00%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

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:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ <u>24,434</u> )	<u>\$ 25,504</u>	<u>\$ 24,873</u>	(\$ <u>23,968</u> )
December 31, 2018				
Effect on present value of defined benefit obligation	(\$ <u>24,070</u> )	<u>\$ 25,133</u>	<u>\$ 24,574</u>	(\$ <u>23,669</u> )

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, 2020 amounts to \$14,199.

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

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, 2019 and 2018 were \$97,450 and \$92,133, 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, 2019 and 2018 was both 12%~20%. Other than the monthly contributions, the Group has no further obligations. For the years ended December 31, 2019 and 2018, the Company’s mainland China subsidiaries have recognised pension cost of \$82,296 and \$85,964, respectively.

(20) Share-based payment

A. For the years ended December 31, 2019 and 2018, the Group’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
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 — Senyun Precise Optical Co., Ltd

	2019		2018	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	1,515	\$ 10.00	-	\$ -
Options granted	-	-	1,670	10.00
Options forfeited	(845)	10.00	(155)	10.00
Options outstanding at December 31	<u>670</u>	10.00	<u>1,515</u>	10.00
Options exercisable at December 31	<u>670</u>		<u>1,515</u>	

C. As of December 31, 2019 and 2018, the range of exercise price of stock options outstanding of Senyun Precise Optical Co., Ltd was both \$10.00, and the weighted-average remaining vesting period was 3.03 years and 4.03 years, respectively.

D. Expenses incurred to share-based payment transactions are shown below:

	Years ended December 31,	
	2019	2018
Equity-settled	\$ -	\$ 1,196

E. 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	2018.1.10	5.2	\$ 10	55.00%	3 years	-	0.50%	\$ 1

(21) Share capital

As of December 31, 2019 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. The number of the Company's ordinary shares outstanding in the beginning and ending of the year is both 635,688,886 shares.



(22) Capital surplus

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

(23) Retained earnings

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

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

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

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

D. The appropriation of 2018 earnings had been proposed by the Board of Directors on June 12, 2019 and the appropriation of 2017 earnings had been resolved at the stockholders' meeting on June 11, 2018. Details are summarized below:

	<u>2018</u>		<u>2017</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 256,651		\$ 278,641	
Cash dividends	1,907,067	\$ 3.00	2,542,756	\$ 4.00

E. As of the date of the auditor’s report, the appropriation of retained earnings for 2019 has not been resolved by the Board of Directors. Information about employees’ compensation (bonus) and directors’ and supervisors’ remuneration of the Company as 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(29).

(24) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue from contracts with customers	<u>\$ 61,781,254</u>	<u>\$ 60,923,590</u>

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:

<u>Product type</u>	<u>Year ended December 31, 2019</u>		
	<u>Global brand business group</u>	<u>Other business group</u>	<u>Total</u>
Peripheral cards	\$ 23,865,538	\$ 649,640	\$ 24,515,178
Main boards	23,690,414	669,371	24,359,785
Computer servers	-	7,858,228	7,858,228
Peripherals	724,345	-	724,345
Others	<u>2,291,120</u>	<u>2,032,598</u>	<u>4,323,718</u>
	<u>\$ 50,571,417</u>	<u>\$ 11,209,837</u>	<u>\$ 61,781,254</u>

<u>Product type</u>	<u>Year ended December 31, 2018</u>		
	<u>Global brand business group</u>	<u>Other business group</u>	<u>Total</u>
Peripheral cards	\$ 27,382,643	\$ 505,098	\$ 27,887,741
Main boards	20,368,850	1,070,996	21,439,846
Computer servers	-	7,255,517	7,255,517
Peripherals	351,638	-	351,638
Others	<u>2,337,425</u>	<u>1,651,423</u>	<u>3,988,848</u>
	<u>\$ 50,440,556</u>	<u>\$ 10,483,034</u>	<u>\$ 60,923,590</u>

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Contract liabilities – advance sales receipts	\$ <u>247,156</u>	\$ <u>335,964</u>	\$ <u>326,954</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance sales receipts	\$ <u>318,290</u>	\$ <u>326,954</u>

(25) Other income

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest income:		
Interest income from bank deposits	\$ 79,220	\$ 85,081
Interest income from financial assets measured at amortised cost	23,464	13,868
Interest income from financial assets measured at fair value through profit or loss	4,195	4,358
Other	<u>2,618</u>	<u>4,080</u>
Total interest income	<u>109,497</u>	<u>107,387</u>
Rental revenue	18,199	20,861
Dividend income	135,974	58,430
Other income - others	<u>532,513</u>	<u>638,367</u>
	<u>\$ 796,183</u>	<u>\$ 825,045</u>

(26) Other gains and losses

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Losses on disposal of property, plant and equipment	(\$ 6,723)	(\$ 12,103)
Gains on disposal of investments	-	707
Foreign exchange gains (losses)	54,824	( 62,401)
Gains (losses) on financial assets at fair value through profit or loss	63,616	( 36,277)
Compensation losses of litigation	( 43,230)	-
Profit from lease modification	13	-
Others	( 12,055)	( 7,376)
	<u>(\$ 56,445)</u>	<u>(\$ 117,450)</u>

(27) Finance costs

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest expense		
Interest expense	\$ 6,740	\$ 3,835
Interest expense on lease liabilities	3,307	-
Other interest expense	798	394
	<u>\$ 10,845</u>	<u>\$ 4,229</u>

(28) Expenses by nature

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Cost of goods sold	\$ 49,594,963	\$ 47,371,290
Employee benefit expense	5,344,721	5,598,803
Warranty cost of after-sale service	835,699	557,134
Depreciation and amortisation	700,881	596,518
Import/export expense	492,833	479,981
Transportation expenses	406,366	389,991
Marketing service charge	258,522	196,542
Expected credit gains	28,415	( 9,934)
Other costs and expenses	2,671,621	3,467,677
	<u>\$ 60,334,021</u>	<u>\$ 58,648,002</u>

(29) Employee benefit expense

	Years ended December 31,	
	2019	2018
Wages and salaries	\$ 4,627,270	\$ 4,915,001
Labor and health insurance fees	271,718	292,353
Pension costs	183,993	185,223
Other personnel expenses	261,740	206,226
	<u>\$ 5,344,721</u>	<u>\$ 5,598,803</u>

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

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

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

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	\$ 388,831	\$ 677,062
Tax on undistributed surplus earnings	548	-
Prior year income tax overestimation	( 16,338)	( 21,935)
	<u>373,041</u>	<u>655,127</u>
Deferred tax:		
Origination and reversal of temporary differences	( 14,636)	( 160,631)
Impact of change in tax rate	-	( 43,207)
Effect of the exchange rate	( 2,700)	5,357
	<u>( 17,336)</u>	<u>( 198,481)</u>
Income tax expense	<u>\$ 355,705</u>	<u>\$ 456,646</u>

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

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

B. Reconciliation between income tax expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 452,650	\$ 590,554
Expenses disallowed by tax regulation	( 97,094)	74,633
Tax exempt income by tax regulation	( 21,359)	( 13,483)
Effect from investment tax credit	( 75,735)	( 71,184)
Taxable loss not recognised as deferred tax assets	158,337	-
Changes in assessment of realisability of deferred tax assets	( 110,724)	( 73,493)
Prior year income tax overestimation	( 16,338)	( 21,935)
Tax on undistributed surplus earnings	548	-
Separate taxation	8,383	-
Impact of change in tax rate	-	( 43,207)
Effect of tax from different applicable taxes within the Group	<u>57,037</u>	<u>14,761</u>
Income tax expense	<u>\$ 355,705</u>	<u>\$ 456,646</u>

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, 2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<u>Deferred tax assets</u>				
Provision for warranty expense	\$ 86,612	\$ 16,102	\$ -	\$ 102,714
Loss on inventory	195,677	( 92,609)	-	103,068
Amount of allowance for bad debts that exceed the limit for tax purpose	28,715	6,151	-	34,866
Pension expense	46,710	115	-	46,825
Unrealised profit on intercompany sales	59,855	23,794	-	83,649
Unrealised exchange loss	1,457	11,568	-	13,025
Remeasurement of defined benefit obligations	21,360	-	5,817	27,177
Others	<u>81,976</u>	<u>49,438</u>	<u>-</u>	<u>131,414</u>
	<u>522,362</u>	<u>14,559</u>	<u>5,817</u>	<u>542,738</u>
<u>Deferred tax liabilities</u>				
Others	( 77)	77	-	-
	<u>\$ 522,285</u>	<u>\$ 14,636</u>	<u>\$ 5,817</u>	<u>\$ 542,738</u>

	Year ended December 31, 2018				
	January 1	Adjustments under new standards	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<u>Deferred tax assets</u>					
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	<u>128,614</u>	<u>-</u>	<u>( 46,638)</u>	<u>-</u>	<u>81,976</u>
	<u>325,459</u>	<u>378</u>	<u>196,269</u>	<u>256</u>	<u>522,362</u>
<u>Deferred tax liabilities</u>					
Others	( 7,646)	-	7,569	-	( 77)
	<u>\$ 317,813</u>	<u>\$ 378</u>	<u>\$ 203,838</u>	<u>\$ 256</u>	<u>\$ 522,285</u>

D. Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2010	\$ 334,750	\$ 316,850	\$ 316,850	2020
2011	125,459	116,913	116,913	2021
2012	155,923	155,923	155,923	2022
2013	120,379	101,551	101,551	2023
2014	164,552	153,966	153,966	2024
2015	298,581	298,581	298,581	2025
2016	384,201	344,635	344,635	2026
2017	339,952	339,952	339,952	2027
2018	307,694	307,694	307,694	2028
2019 (Note)	<u>816,989</u>	<u>816,989</u>	<u>816,989</u>	2029
	<u>\$ 3,048,480</u>	<u>\$ 2,953,054</u>	<u>\$ 2,953,054</u>	

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	125,459	118,521	118,521	2021
2012	155,923	155,923	155,923	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)	<u>310,567</u>	<u>310,566</u>	<u>310,566</u>	2028
	<u>\$ 2,653,880</u>	<u>\$ 2,580,980</u>	<u>\$ 2,580,980</u>	

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, 2019 and 2018, the amounts of temporary difference unrecognised as deferred tax liabilities were \$356,093 and \$120,652, respectively.

F. The Company's income tax returns through 2017 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.

(31) Earnings per share

	<u>Year ended December 31, 2019</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,939,241	635,689	\$ <u>3.05</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
– Employees' compensation	-	<u>6,386</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,939,241</u>	<u>642,075</u>	\$ <u>3.02</u>
	<u>Year ended December 31, 2018</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,566,512	635,689	\$ <u>4.04</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
– Employees' compensation	-	<u>9,202</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,566,512</u>	<u>644,891</u>	\$ <u>3.98</u>

(32) Transactions with non-controlling interest

A. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary.

On December 20, 2019, 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 9.38%. This transaction resulted in an increase in the non-controlling interest by \$27,468 and a decrease in the equity attributable to owners of the parent by \$27,468. The effects on equity attributable to owners of the parent of aforementioned capital increase are shown as follows:

	Year ended <u>December 31, 2019</u>
Cash amount for acquiring 9.38% share interest	\$ 59,506
Carrying amount of non-controlling interest	<u>32,038</u>
Capital surplus - recognition of changes in ownership interest in subsidiaries	<u>\$ 27,468</u>

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 \$14,744 and a 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 <u>December 31, 2018</u>
Cash amount for acquiring 8.76% share interest	\$ 77,938
Carrying amount of non-controlling interest	<u>38,633</u>
Capital surplus - recognition of changes in ownership interest in subsidiaries	<u>\$ 39,305</u>

B. 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	<u>1,184</u>
Capital surplus - difference between proceeds on disposal of equity interest in a subsidiary and its carrying amount	<u>\$ 307</u>

(33) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Purchase of property, plant and equipment	\$ 567,083	\$ 625,029
Add: Opening balance of payable on equipment	14,621	-
Less: Ending balance of payable on equipment	( 16,054)	( 14,621)
Cash paid during the year	<u>\$ 565,650</u>	<u>\$ 610,408</u>

(34) Changes in liabilities from financing activities

	<u>Year ended December 31, 2019</u>				
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liability</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 309,722	\$ 18,833	\$ 190,460	\$ 8,567	\$ 527,582
Changes in cash flow from financing activities	( 20,634)	( 8,166)	( 91,030)	341	( 119,489)
Interest paid (Note)			( 3,307)	-	( 3,307)
Impact of changes in foreign exchange rate	-	-	( 1,453)	-	( 1,453)
Changes in other non-cash items	<u>-</u>	<u>-</u>	<u>47,242</u>	<u>-</u>	<u>47,242</u>
At December 31	<u>\$ 289,088</u>	<u>\$ 10,667</u>	<u>\$ 141,912</u>	<u>\$ 8,908</u>	<u>\$ 450,575</u>

Note: Listed under cash flows from operating activities.

	<u>Year ended December 31, 2018</u>				
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities-gross</u>	
At January 1	\$ 329,689	\$ 5,834	\$ 9,127	\$ 344,650	
Changes in cash flow from financing activities	( 19,967)	12,999	( 560)	( 7,528)	
At December 31	<u>\$ 309,722</u>	<u>\$ 18,833</u>	<u>\$ 8,567</u>	<u>\$ 337,122</u>	

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

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

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	
Pledged asset -current (accounted for as "Other current assets")			
-Demand deposits	\$ -	\$ 49,798	Project grants and collateral loan
-Time deposits	-	56,224	Guarantee for the customs duties
Pledged assets -current (accounted for as "Financial assets at amortised cost - current")			
-Demand deposits	<u>4,516</u>	-	Collateral loan
	<u>\$ 4,516</u>	<u>\$ 106,022</u>	
Pledged asset-non-current (account for as "Other non- current assets")			
-Demand deposits	\$ -	\$ 4,218	Guarantee for the customs duties and security deposit for office leasing
-Time deposits	-	61,978	Guarantee for the customs duties
Pledged assets - non-current (accounted for as "Financial assets at amortised cost - non- current")			
-Demand deposits	101,091	-	Security deposit for office leasing and offshore funds repatriated account
-Time deposits	<u>109,984</u>	-	Guarantee for the customs duties
	<u>\$ 211,075</u>	<u>\$ 66,196</u>	

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 729,427	\$ 891,231
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	2,223,790	1,714,344
Financial assets at amortised cost		
Cash and cash equivalents	9,907,845	8,610,907
Financial assets at amortised cost	916,837	1,162,817
Notes receivable	2,996	3,047
Accounts receivable	6,619,142	5,813,268
Other receivables	129,617	105,666
Guarantee deposits paid	62,388	65,703
Other financial assets	-	172,218
	<u>\$ 20,592,042</u>	<u>\$ 18,539,201</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 289,088	\$ 309,722
Notes payable	58,116	11,465
Accounts payable	7,230,678	5,272,720
Other payables	3,934,910	3,834,550
Long-term borrowings (including current portion)	10,667	18,833
Guarantee deposits received	8,908	8,567
Lease liabilities	141,912	-
	<u>\$ 11,674,279</u>	<u>\$ 9,455,857</u>

#### 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:

	<u>December 31, 2019</u>		
	Foreign currency amount <u>(In Thousands)</u>	Exchange rate	Book value <u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 466,270	30.106	\$ 14,037,525
RMB:NTD	64,910	4.323	280,606
<u>Non-monetary items</u>			
USD:NTD	\$ 5,663	30.106	\$ 170,483
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 360,065	30.106	\$ 10,840,117
RMB:NTD	266,111	4.323	1,150,398

				December 31, 2018		
				Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	333,542		30.733		\$ 10,250,746
RMB:NTD		105,479		4.476		472,124
<u>Non-monetary items</u>						
USD:NTD	\$	837		30.733		\$ 25,724
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$	228,787		30.733		\$ 7,031,311
RMB:NTD		492,495		4.476		2,204,408

- 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, 2019 and 2018, amounted to gain of \$54,824 and loss of (\$62,401), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

				Year ended December 31, 2019		
				Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD		1%	\$ 140,375	\$		-
RMB:NTD		1%	2,806			-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD		1%	\$ 108,401	\$		-
RMB:NTD		1%	11,504			-

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 102,507	\$ -
RMB:NTD	1%	4,721	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 70,313	\$ -
RMB:NTD	1%	22,044	-

#### 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 and financial assets at fair value through other comprehensive income. 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, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$6,625 and \$6,751, 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 \$22,238 and \$17,143 respectively, as a result of gains/losses on equity investment at fair value through other comprehensive income.

#### 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, 2019 and 2018, if market interest rates had been 1% higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2019 and 2018 would have been \$669 and \$2,161 lower/higher, respectively.
- iii. At December 31, 2019 and 2018, if interest rates on borrowings had been 0.1% higher/lower with all other variables held constant, profit for the years ended December 31, 2019 and 2018 would have been \$220 and \$229 higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.



(b) Credit risk

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

	<u>Not past due</u>	<u>Up to 30 past due</u>	<u>31 to 60 days past due</u>
December 31, 2019			
Expected loss rate	0.09%~3.79%	0.09%~21.54%	0.09%~37.14%
Total book value	\$ 5,421,276	\$ 760,772	\$ 61,628
Loss allowance	<u>\$ 33,404</u>	<u>\$ 7,275</u>	<u>\$ 3,494</u>
	<u>61 to 90 days past due</u>	<u>Over 90 days</u>	<u>Total</u>
Expected loss rate	0.09%~65.05%	10%~100%	
Total book value	\$ 14,376	\$ 131,870	\$ 6,389,922
Loss allowance	<u>\$ 5,675</u>	<u>\$ 130,610</u>	<u>\$ 180,458</u>

	<u>Not past due</u>	<u>Up to 30 past due</u>	<u>31 to 60 days past due</u>
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	<u>\$ 21,936</u>	<u>\$ 12,428</u>	<u>\$ 5,084</u>
	<u>61 to 90 days past due</u>	<u>Over 90 days</u>	<u>Total</u>
Expected loss rate	0.11%~80.23%	10%~100%	
Total book value	\$ 72,032	\$ 129,601	\$ 5,971,900
Loss allowance	<u>\$ 11,276</u>	<u>\$ 107,908</u>	<u>\$ 158,632</u>

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

	<u>2019</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
At January 1	\$ -	\$ 158,632	\$ 158,632
Reversal of impairment loss	-	28,415	28,415
Write-offs	-	( 4,741)	( 4,741)
Effect of exchange rate changes	-	( 1,848)	( 1,848)
At December 31	<u>\$ -</u>	<u>\$ 180,458</u>	<u>\$ 180,458</u>

	2018		
	Notes receivable	Accounts receivable	Total
At January 1	\$ -	\$ 168,863	\$ 168,863
Adjustments for retrospective application of IFRS 9	-	8,835	8,835
Reversal of impairment loss	-	( 9,934)	( 9,934)
Write-offs	-	( 7,198)	( 7,198)
Effect of exchange rate changes	-	( 1,934)	( 1,934)
At December 31	<u>\$ -</u>	<u>\$ 158,632</u>	<u>\$ 158,632</u>

Considering the credit insurance on accounts receivable, the abovementioned amounts were not recognised as allowance for uncollectible accounts amounting to \$60,469 and \$115,794 as at December 31, 2019 and 2018, respectively. For provisioned loss in 2019 and 2018, the impairment losses and the reversal of impairment losses arising from customers' contracts amounted to (\$28,415) and \$9,934, respectively.

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

	December 31, 2019			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost				
Group 1	\$ 701,246	\$ -	\$ -	\$ 701,246
Group 2	<u>215,591</u>	<u>-</u>	<u>-</u>	<u>215,591</u>
	<u>\$ 916,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 916,837</u>

	December 31, 2018			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
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.

Group 2: Pledged time deposits.

(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 into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. Except for the contractual undiscounted cash flows of short-term borrowings, notes and accounts payable, other payables as well as guarantee deposits received were equivalent to their carrying amounts and were expiring within one year, the amounts disclosed in the table are the contractual undiscounted cash flows of other financial liabilities:

Non-derivative financial liabilities:

December 31, 2019	<u>Less than 1 year</u>	Between 1 and		<u>Total</u>
		<u>2 years</u>	<u>Over 2 years</u>	
Lease liability	\$ 89,538	\$ 37,920	\$ 22,467	\$ 149,925
Long-term borrowings (including current portion)	7,801	3,015	-	10,816

Non-derivative financial liabilities:

December 31, 2018	<u>Less than 1 year</u>	Between 1 and		<u>Total</u>
		<u>2 years</u>	<u>Over 2 years</u>	
Long-term borrowings (including current portion)	\$ 8,292	\$ 7,801	\$ 3,015	\$ 19,108

- 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.

B. Fair value information of investment property at cost is provided in Note 6(12).

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 (bank deposits), notes receivable, accounts receivable, other receivables, guarantee deposits paid, pledged 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 as at December 31, 2019 and 2018 is as follows:

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

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements-assets</u>				
Financial assets at fair value through profit or loss				
Equity instrument	\$ 63,077	\$ -	\$ 19,089	\$ 82,166
Debt instrument	66,922	-	-	66,922
Beneficiary certificates	580,339	-	-	580,339
Financial assets at fair value through other comprehensive income				
Equity instrument	<u>2,194,972</u>	<u>-</u>	<u>28,818</u>	<u>2,223,790</u>
Total	<u>\$ 2,905,310</u>	<u>\$ -</u>	<u>\$ 47,907</u>	<u>\$ 2,953,217</u>
December 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements - assets</u>				
Financial assets at fair value through profit or loss				
Equity instrument	\$ 250,098	\$ -	\$ 81,086	\$ 331,184
Debt instrument	216,127	-	-	216,127
Beneficiary certificates	343,920	-	-	343,920
Financial assets at fair value through other comprehensive income				
Equity instrument	<u>1,684,761</u>	<u>-</u>	<u>29,583</u>	<u>1,714,344</u>
Total	<u>\$ 2,494,906</u>	<u>\$ -</u>	<u>\$ 110,669</u>	<u>\$ 2,605,575</u>

(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:

	<u>Listed shares</u>	<u>Open-end fund</u>	<u>Government bond and corporate bond</u>
Market quoted price	Closing price	Net asset value	Weighted average quoted price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, the 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, 2019 and 2018, 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, 2019 and 2018:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
At January 1,	\$ 110,669	\$ 352,667
Gains (losses) recognized in profit or loss	26,712 (	54,688)
Losses recognised in other comprehensive income	( 765)(	23,300)
Acquired in the year	190,175	35,402
Sold in the year	( 278,884)(	21,010)
Transfers out from level 3	-	( 178,455)
Effects of changes exchange rate	<u>-</u>	<u>53</u>
At December 31,	<u>\$ 47,907</u>	<u>\$ 110,669</u>

G. For the year ended December 31, 2019, there was no transfer into or out from Level 3. 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:

	<u>Fair value at December 31, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Unlisted shares	\$ 21,182	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	\$ 26,725	Net asset value	Not applicable	Not applicable
	<u>Fair value at December 31, 2018</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Unlisted shares	\$ 83,179	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	\$ 27,490	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, 2019			
				<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets							
Equity instruments	Market comparable companies		±1%	\$ 191	(\$ 191)	\$ 21	(\$ 21)
Equity instruments	Net asset value		±1%	-	-	267	( 267)
				<u>\$ 191</u>	<u>(\$ 191)</u>	<u>\$ 288</u>	<u>(\$ 288)</u>
				December 31, 2018			
				<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets							
Equity instruments	Market comparable companies		±1%	\$ 811	(\$ 811)	\$ 21	(\$ 21)
Equity instruments	Net asset value		±1%	-	-	275	( 275)
				<u>\$ 811</u>	<u>(\$ 811)</u>	<u>\$ 296</u>	<u>(\$ 296)</u>

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

#### (2) Information on investees

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



(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

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

14. 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, 2019

	<u>Global brand business group</u>	<u>Other business group</u>	<u>Total</u>
Total segment revenue	\$ 50,571,417	\$ 11,209,837	\$ 61,781,254
Operating income (loss)	\$ 2,188,278	(\$ 741,045)	\$ 1,447,233
Depreciation and amortization	\$ 7,322	\$ 693,559	\$ 700,881
Total assets (Note)	\$ -	\$ -	\$ -
Total liabilities (Note)	\$ -	\$ -	\$ -

Year ended December 31, 2018

	<u>Global brand business group</u>	<u>Other business group</u>	<u>Total</u>
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)	\$ -	\$ -	\$ -

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,	
	2019	2018
Peripheral cards	\$ 24,515,178	\$ 27,887,741
Main boards	24,359,785	21,439,846
Computer servers	7,858,228	7,255,517
Peripherals	724,345	351,638
Others	4,323,718	3,988,848
	<u>\$ 61,781,254</u>	<u>\$ 60,923,590</u>

(6) Geographical information

Geographical information for the years ended December 31, 2019 and 2018 is as follows:

A. Revenue by geographic area:

	Years ended December 31,	
	2019	2018
Europe	\$ 21,018,146	\$ 21,073,660
USA and Canada	12,903,626	11,421,629
China	12,326,203	13,348,786
Taiwan	1,648,723	1,884,277
Others	13,884,556	13,195,238
Total	<u>\$ 61,781,254</u>	<u>\$ 60,923,590</u>

B. Non-current assets:

	2019	2018
Taiwan	\$ 2,935,166	\$ 2,679,216
China	1,128,065	1,236,980
Others	540,354	573,755
Total	<u>\$ 4,603,585</u>	<u>\$ 4,489,951</u>

(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, 2019 and 2018.



**GIGA-BYTE TECHNOLOGY CO., LTD.**  
**Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)**  
**Year ended December 31, 2019**

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019			Footnote	
				Number of shares	Book value	Ownership (%)		Fair value
Giga-Trend International Investment Group Ltd.	Corporate bond-Anji Technology Co., Ltd. etc.	"	Financial assets at fair value through profit or loss-current Valuation adjustment of financial assets at fair value through profit or loss	Omitted	\$ 50,127 630	-	\$ 50,757	
Freedom International Group Ltd.	Beneficiary certificate-JPM USD LIQUIDITY LANAV C (ACC) (LUX LISTING)	None	Financial assets at fair value through profit or loss-current Valuation adjustment of financial assets at fair value through profit or loss	3,000	USD 2,138 thousand USD 15 thousand	-	USD 2,153 thousand	
Chi-Ga Investments Corp.	Listed stocks - Walsin Technology Corporation etc.	None	Financial assets at fair value through other comprehensive income - Non current	Omitted	888,387		\$ 2,194,972	
			Valuation adjustment of financial assets at fair value through other comprehensive income		1,306,585			
			Financial assets at fair value through other comprehensive income - Non current	Omitted	2,194,972		\$ 26,725	
		"	Valuation adjustment of financial assets at fair value through other comprehensive income		24,365		\$ 26,725	0.11%~ 16.25%
G-Style Co., Ltd.	Unlisted stocks - JM Material Technology Inc.	None	Financial assets at fair value through other comprehensive income - Non current Valuation adjustment of financial assets at fair value through other comprehensive income	160,000	\$ 26,725		\$ 26,725	10.00%
			Financial assets at fair value through other comprehensive income - Non current Valuation adjustment of financial assets at fair value through other comprehensive income		20,000		\$ 2,093	
			Valuation adjustment of financial assets at fair value through other comprehensive income		(17,907)			
			Valuation adjustment of financial assets at fair value through other comprehensive income		\$ 2,093			

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

GIGA-BYTE TECHNOLOGY CO., LTD.

Purchases or sales of goods from or to related parties reaching NTD\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2019

Table 2

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (Sales)	Amount	Percentage of total purchases (sales)	Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	Expressed in thousands of NTD (Except as otherwise indicated)
						Credit term	Unit price	Credit term		
Giga-Byte Technology Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Parent-subsidary company	(Sales)	\$ 12,236,148	( 20% )	90 days upon receipt of goods	The price was based on the contract price	Normal	\$ 1,439,651	15%
G.B.T. Inc.	G.B.T. Inc.	"	"	12,624,549	( 20% )	60 days upon receipt of goods	"	"	3,640,567	38%
G-Style Co., Ltd.	G-Style Co., Ltd.	"	"	1,749,018	( 3% )	90 days upon receipt of goods	"	"	454,517	5%
Giga-Byte Technology B.V.	Giga-Byte Technology B.V.	"	"	666,503	( 1% )	60 days upon receipt of goods	"	"	63,402	1%
Gigapic Co., Ltd.	Gigapic Co., Ltd.	"	"	228,921	-	60 days after billing	"	"	137,820	1%
G.B.T. LBN Inc.	G.B.T. LBN Inc.	"	Processing cost	1,579,568	73%	"	"	"	-	-
"	"	"	Purchases	402,042	1%	"	"	"	-	-
G.B.T. LBN Inc.	Ningbo Gigabyte Technology Co., Ltd.	Sister companies	Purchases	23,060 thousand	44%	60 days upon receipt of goods	The price was based on the contract price	Normal	-	-
"	Dongguan Gigabyte Electronics Co., Ltd.	"	"	29,454 thousand	56%	"	"	"	-	-
G.B.T. Inc.	G-Style Co., Ltd.	Sister companies	Purchases	17,747 thousand	5%	60 days upon receipt of goods	The price was based on the contract price	Normal	( USD 588 thousand )	1%
G-Style Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Sister companies	(Sales)	252,528	( 13% )	60 days after billing	The price was based on the contract price	Normal	10,983	6%

GIGA-BYTE TECHNOLOGY CO., LTD.

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

Year ended December 31, 2019

Table 3

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

Expressed in thousands of NTD  
(Except as otherwise indicated)

**GIGA-BYTE TECHNOLOGY CO., LTD.**

**Significant inter-company transactions during the reporting periods**

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Number of shares					
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	\$ 4,617,682	\$ 4,617,682	142,671,692	100.00	\$ 5,944,077	\$ 473,641	\$ 223,952	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Chi-Ga Investments Corp.	Taiwan	Holding company	2,575,000	2,575,000	293,756,500	100.00	3,635,838	( 29,279)	( 29,475)	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	Taiwan	Manufacturing and selling of notebooks	910,000	910,000	72,000,000	100.00	311,878	( 14,536)	( 30,075)	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Giga-Byte Communication Inc.	Taiwan	Manufacturing and selling of communications	1,647,508	1,647,508	2,145,880	99.86	22,898	( 258)	( 258)	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	BYTE International Co., Ltd.	Taiwan	Selling of PC peripherals	303,709	303,709	3,000,000	100.00	87,874	30,663	30,663	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Netherlands	Sales of computer information products	25,984	25,984	8,500	100.00	63,713	23,676	23,592	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	GBT Tech. Co. Ltd	U.K.	Marketing of computer information products	47,488	47,488	800,000	100.00	13,483	1,892	1,892	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Nippon Giga-Byte Corp.	Japan	Marketing of computer information products	3,495	3,495	1,000	100.00	10,436	1,144	1,144	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Marketing of computer information products	272,959	272,959	-	100.00	299,218	4,688	4,688	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Gigabyte Technology Pty. Ltd.	AUS	Marketing of computer information products	55,664	55,664	2,400,000	100.00	54,880	1,953	1,953	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Gigabyte Technology (India) Private Limited	India	Marketing and maintenance of computer information products	182,868	182,868	4,600,000	100.00	14,206	3,438	3,438	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Gigabyte Global Business Corporation	U.S.A.	ODM Business	-	-	322	-	-	228	228	The Company's subsidiary	



GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees

Year ended December 31, 2019

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	208 \$					
Giga-Byte Technology Co., Ltd.	Gigabyte Technology ESPANA S.L.U.	Spain	Marketing of computer information products	241 \$	241	5,000	100.00	4,263 \$	208 \$	208	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	90,660	90,660	54,116	48.63	44,294	144,436 (	31,410)	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Gigabyte Information Technology Commerce Limited Company	Turkey	Marketing of computer information products	3,541	3,541	8,000	100.00	2,327	168	168	The Company's subsidiary	
Giga-Byte Technology Co., Ltd.	Gigabyte Technology LLC	South Korea	Marketing of computer information products	22,534	22,534	168,000	100.00	34,158	642	642	The Company's subsidiary	
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Poland	Marketing and maintenance of computer information products	500	500	100	100.00	1,741	32	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	Charleston Investments Limited	Cayman Islands	Holding company	1,844,922	1,844,922	57,032,142	100.00	2,793,876	346,687	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	G.B.T. LBN Inc.	Malaysia	Sales of computer information products	-	-	-	100.00	( 404,998)	214,629	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	109,459	109,459	57,169	51.37	154,166	144,436	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	Gigabyte Trading Inc.	U.S.A.	ODM Business	1,623	1,623	50,000	100.00	1,530 (	81)	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	Giga Future Limited	British Virgin Islands	Holding company	2,689,068	2,689,068	82,819,550	100.00	3,241,114	293,263	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	Giga Advance (Labuan) Limited	Malaysia	Sales of computer information products	5,648	5,648	10,000	100.00	11,160 (	234)	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	LCKT Yuan Chian Technology Co., Ltd. (Cayman)	Cayman Islands	Holding company	92,775	92,775	3,000,000	30.00	21,193 (	85,892)	-	Subsidiary's investee company accounted for under the equity method	
Freedom International Group Ltd.	Aorus Pte. Ltd.	Singapore	Sales of computer information products	60,757	60,757	3,073,000	100.00	20,155 (	2,836)	-	The Company's indirect subsidiary	
Chi-Ga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	600,000	600,000	65,290,000	100.00	703,462	28,571	-	The Company's indirect subsidiary	

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares						
Chi-Ga Investments Corp.	Giga-Trend International Management Group Ltd.	Taiwan	Venture capital management and consulting company	\$ 6,000	\$ 5,483	600,000	60.00	\$ 18,263	\$ 9,853	\$ -	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Senyun Precise Optical Co., Ltd	Taiwan	Manufacturing and selling of optical lens	588,441	786,990	54,727,814	86.24	268,124	( 261,151)	-	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Gigazone Holdings Limited	British Virgin Islands	Holding company	173,928	173,928	34,500	100.00	-	( 3,436)	-	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Seltia Precision Co., Ltd.	Taiwan	Manufacturing, wholesale and retail of bicycle and parts	50,000	50,000	5,000,000	100.00	37,422	( 187)	-	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Green Share Co., Ltd.	Taiwan	Wholesale of information software	-	9,424	-	-	-	29	-	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	GIGAIPC Co., Ltd.	Taiwan	Sales of computer information products	200,000	200,000	20,000,000	100.00	170,764	( 7,814)	-	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co., Ltd.	OGS Europe B.V.	Netherlands	Selling of communications	12,443	12,443	3,000	100.00	13,881	3,796	-	-	The Company's indirect subsidiary

**GIGA-BYTE TECHNOLOGY CO., LTD.**  
Information on investments in Mainland China

Year ended December 31, 2019

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittances from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	\$ 1,180,938	Note 1	\$ 1,180,938	-	\$ 1,180,938	\$ 198,131	100.00	\$ 198,131	\$ 1,484,248	-	The Company's indirect subsidiary
Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	259,752	Note 1	259,752	-	259,752	118,359	100.00	118,359	1,128,174	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	181,923	Note 1	165,515	-	165,515	24,186	100.00	24,186	163,402	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,853	Note 3	-	-	-	122,167	100.00	122,167	995,126	-	The Company's indirect subsidiary
Ningbo Gigabyte Technology Co., Ltd.	Manufacturing of computer information products	2,780,313	Note 1	2,780,313	-	2,780,313	288,573	100.00	288,573	3,148,655	-	The Company's indirect subsidiary
Gigazone International (Shenzhen)	Selling of PC peripherals	-	Note 3	203,761	-	-	107	100.00	( 107)	-	-	The Company's indirect subsidiary
Shenzhen BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	15,841	Note 3	-	-	-	451	100.00	( 451)	3,414	-	The Company's indirect subsidiary
Dongguan Senyun Precise Optical Co., Ltd.	Selling of mold and industrial plastic products	1,609	Note 2	1,609	-	-	902	86.24	( 778)	185	-	The Company's indirect subsidiary
Zaozhuang Bestyield Resources Recycling Co., Ltd.	Recycling and selling of renewable resources	5,507	Note 3	-	-	-	1,778	100.00	1,778	6,914	-	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	December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Giga-Byte Technology Co., Ltd.	\$ 4,386,518	\$ 4,402,053	\$ 14,578,687	
Chi-Ga Investments Corp.	203,761	203,761	2,181,515	
Senyun Precise Optical Co., Ltd.	1,609	9,974	186,538	

GIGA-BYTE TECHNOLOGY CO., LTD.

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

Year ended December 31, 2019

Table 7

Expressed in thousands of RMB  
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing		Interest during the year ended December 31, 2019	Others
	Amount	%	Amount	%	Balance at December 31, 2019	%	Balance at December 31, 2019	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019	Interest rate		
Ningbo Gigabyte Technology Co., Ltd.	\$ 32,705	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	- Processing cost paid at \$689,799
"	( 45,570)	-	( -	( 11)	( 948,464)	( 11)	-	-	-	-	-	-
Ningbo Zhongjia Technology Co., Dongguan Gigabyte Electronics Co., Ltd.	12,236,148	20	-	-	1,439,651	9	-	-	-	-	-	- Processing cost paid at \$889,769
"	29,832	-	-	-	197,192	-	-	-	-	-	-	- After-sales service costs paid at \$320,875
Ningbo BestYield Tech. Services Co., Ltd.	( 80,242)	-	( -	( 11)	( 1,027,137)	( 11)	-	-	-	-	-	-
"	35,043	-	-	-	4,415	-	-	-	-	-	-	-

VI. State the financial position of the Company if any insolvency occurs in the Company or affiliates in the most recent year until the date this report is printed: None

## Seven. Financial position and the review and analysis of financial performance and risks

### I. Financial Position

#### Analysis on financial positions - IFRS

Unit: NTD 1,000

Subject	Year	2019 (Consolidated)	2018 (Consolidated)	Change	
				Amount	%
Current assets		30,109,160	28,959,419	1,149,741	3.97
Fixed Assets Real estate, factory, and equipment		4,085,922	4,131,468	-45,546	-1.10
Intangible assets		30,789	51,998	-21,209	-40.79
Other assets		3,485,670	2,591,710	893,960	34.49
Total assets		37,711,541	35,734,595	1,976,946	5.53
Current liabilities		12,665,285	10,955,638	1,709,647	15.61
Other Non-current liabilities		693,145	610,291	82,854	13.58
Total liabilities		13,358,430	11,565,929	1,792,501	15.50
Equity attributable to owners of the parent		24,297,811	24,083,475	214,336	0.89
Equity		6,356,889	6,356,889	0	0.00
Capital surplus		3,896,889	3,924,357	-27,468	-0.70
Retained earnings		13,426,344	13,417,437	8,907	0.07
Other shareholder's Equity		617,689	384,792	232,897	60.53
Non-controlling interests		55,300	85,191	-29,891	-35.09
Total shareholder's Equity		24,353,111	24,168,666	184,445	0.76
<b>Significant Material Changes and Analysis:</b> <ol style="list-style-type: none"> <li>1. Intangible assets: Mainly due to the amortization of computer software in the current period.</li> <li>2. Other assets: Mainly due to the increase in fair value of financial assets measured at fair value through other comprehensive gain or loss.</li> <li>3. Other equity: Mainly due to the recognition of increase in unrealized gains and losses on financial assets at fair value through other comprehensive gain or loss.</li> <li>4. Non-controlling interests: Mainly due to the decrease in the proportion of non-controlling interests held by subsidiaries.</li> </ol>					

## II. Financial Performance

### (I) Comparison of Operating Results - IFRS

Unit: NTD1,000

Subject \ Year	2019 (Consolidated)	2018 (Consolidated)	Differences	
			Amount	%
Sales	61,781,254	60,923,590	857,664	1.41
Gross profit	9,590,869	10,123,214	-532,345	-5.26
Operating income	1,447,233	2,275,588	-828,355	-36.40
Non-operating income & expenses	816,015	677,183	138,832	20.50
Net profit before tax	2,263,248	2,952,771	-689,523	-23.35
Net income from continuing operations	1,907,543	2,496,125	-588,582	-23.58
Loss from discounted operations	—	—	—	—
Net Income	1,907,543	2,496,125	-588,582	-23.58
Other comprehensive incomes (net after tax)	209,630	15,127	194,503	1285.80
Total comprehensive income	2,117,173	2,511,252	-394,079	-15.69
<p>Analysis of Changes:</p> <ol style="list-style-type: none"> <li>1. Operating income and Net Income decreased is mainly due to the decline of the coin-mining machine boom this year, the company no longer sells coin-mining machines, the supply and demand of graphics card products returned to normal, and the gross profit of related products decreased compared with the previous year.</li> <li>2. Non-operating income increased is due to foreign exchange gains.</li> <li>3. Other comprehensive incomes increased is due to the recognition of increase in unrealized gains and losses on financial assets at fair value through other comprehensive gain or loss.</li> </ol>				

### III. Cash Flow

#### Analysis of Cash Flow - IFRS

##### (I) Analysis of liquidity over the last two years

Unit: %

Subject /year	2019	2018	Difference (%)
Cash flow ratio	30.68	-21.31	51.99
Cash flow adequacy ratio	84.83	80.06	4.77
Cash reinvestment ratio	7.44	-18.04	25.48
Explanation for changes: Due to the Spontaneous liabilities for purchasing materials and positive cash flows from operating activities in 2019 caused cash flow-related ratios to differ from last year.			

##### (II) Analysis on liquidity for the next year

Unit: NTD1,000

Cash Balance At beginning period (1)	Estimated cash flow from Operations for the year (2)	Estimated cash outflow For the year (3)	Estimated cash balance (short) For the year (1)+(2)-(3)	Corrective actions on cash short	
				Investment plan	Financial plan
9,907,845	1,438,194	1,478,736	9,867,303	—	—
1. Analysis of projected cash flow Changes in 2020 (1) Business activity: 2020 revenues remain stable and generate cash income from business activities. (2) Investment and financing activities: No major equipment purchases or local and overseas investments are planned in 2020. The emphasis will remain on the issuing of cash dividends.					
2. Measures to make up deficient cash flow and liquidity analysis: N/A					

### IV. The Effect of major capital spending on financial position and operation

##### (I) Major capital spending and sources of capital:

Unit: NTD1,000

The plan	Equipment Purchase	Actual or projected date of completion	Total amount of capital needed	Actual or projected use of capital
				2019
		2019.12	565,650	565,650

##### (II) Expected Result: N/A.



V.The direct investment policy of the Company over the last five years, major cause for profit or loss and improvement plan, investment plan in next year

Analysis on Direct Investments

Unit: NTD 1,000

Description Item	The amount of investment income (loss)(Note)	Investment Policy	Major cause for profit or loss	Improvement plan	Investment plan in the future
G-Style	(14,536)	Sales of NB and gaming NB products	High competition, low margin	Transform products into niche products/HQ integrates marketing resources to assist NB sales	None
SenYun Precision Optical	(261,151)	manufacture, and sales of optical lens	Revenue not up to an economic scale.	Strengthen production process management to improve yield and improve overall operational management efficiency	None
BYTE International Co., Ltd.	30,663	Promotion and Repairing of ITC products	Strict control over repair and maintenance cost and increase in income and profit from repair and maintenance.	None	None
GIGAIPC CO., LTD.	(7,814)	Research and development and selling of IPC	Revenue not up to an economic scale.	Step up efforts to expand the sales market and solicit more ODM clients	None

Note:Disclosed companies are subsidiaries that are actively operating and over which Gigabyte has controlling power (owns 50% of their shares).

## VI.Risk Management and Evaluation

- (I) The effect of interest rate and exchange rate volatility, inflation on the income status of the Company and measures to cope with the problem:
1. Effect of interest rate volatility and countermeasures: None
  2. Effect of exchange rate volatility and countermeasures:
    - (1) Over 90% of the Company's products are exported and traded in US Dollar. Major purchases are also traded in US Dollar. Naturally, the Company hedges 80% of such transactions. Gigabyte monitors currency market trends and steadily regulates the USD position to reduce the impact of exchange rates on the Company's profit.
    - (2) All domestic sales in China by subsidiaries are traded in CNY. As large volatility in the CNY exchange rate will affect our Company's hedging strategy and profitability we use natural hedging and forward exchange in principle. As USD and CNY often go reversely, our Company balances these USD and CNY positions for hedging.
  3. The effect of inflation on the profit and loss status of the Company and responding measures: None
- (II) The engagement in the investment in high risk and high leverage investments, financing a third party, acting as guarantor in favor of a third party by endorsement, and the policy in derivative trade, the causes of loss or profit from such activities and the measures for coping with the problem:  
For outward loans, endorsement/guarantee and derivatives, Giga-Byte has faithfully complied with the policies duly enacted in accordance with "Procedures in Acquirement or Disposal of Assets", "Procedures in Outward Loans of Capitals" and "Procedures in Endorsement/guarantee" and conservative policy. Under no circumstances has Giga-Byte engaged in high leverage investment.
- (III) R&D plans, the current progress of R&D plans in progress, R&D expenses that should be committed in the future, expected date of volume production, and the factors contributing to successful R&D in the future in the most recent year and up to the publication date of the annual report:
1. 2020 R&D Plans :

Product R&D	Expected finish time
(1) World leading motherboard - Develop latest AORUS gaming motherboard - Develop latest Intel® platform motherboards - Develop latest AMD® platform motherboards	2020 Q2~Q3
(2) World leading graphic cards - Develop latest AORUS gaming graphic cards - Develop latest Intel® platform graphic cards - Develop latest AMD® platform graphic cards	2020 Q2~Q3

<p>(3) Industry innovative cloud server</p> <ul style="list-style-type: none"> <li>- Develop latest Intel® platform servers</li> <li>- Develop latest AMD® platform servers</li> <li>- Develop latest AI computing applicable G-series servers</li> <li>- Develop latest hyper-converged infrastructure applicable H-series servers</li> <li>- Develop latest big data storage service S-series servers</li> <li>- Develop latest multimedia designer or software development engineer specific W-series workstation</li> <li>- Develop latest enterprise internal IT structure applicable R-series servers</li> <li>- Develop latest OCT computing structure compliant RACKLUTIONOP and large datacenter grand scale deployment applicable rack products</li> <li>- Develop servers with ultra-speed AI acceleration cards</li> </ul>	2020 Q1~Q3
<p>(4) AI smart gaming notebook computer</p> <ul style="list-style-type: none"> <li>- Develop latest AORUS gaming notebook computer</li> <li>- Develop next generation AI smart learning notebook computer</li> <li>- Develop next generation AERO series performance notebook computer</li> <li>- Develop next generation Intel® high performance notebook computer</li> </ul>	2020 Q1~Q4
<p>(5) Award winning gaming peripherals</p> <ul style="list-style-type: none"> <li>- Develop next generation smart gaming display</li> <li>- Develop next generation smart gaming peripheral products</li> </ul>	2020 Q2~Q4

2. Progress of unaccomplished R&D plans:

Persist to present different types of new products ahead of the others in the industry.

3. The R&D expenses that should be committed will remain at the same level as that of the previous year. About NT\$1,463 million more will be invested.

4. Projection on mass production:

Mass production has proceeded as scheduled in the research and development plans. A number of advanced and diverse products were presented.

5. Major factors that affect the future success of R&D

Initiation of projects that further expand our superiority in R&D, supporting hardware and equipment with Cloud services and applications for innovative software and hardware integrations. In addition to providing users with astounding functions, our products have also continued to garner awards and external recognition. We are able and confident in providing our customers with the best products by driving new innovative technologies and marketing of our new products and adhering to our practical and steadfast business philosophies that aims to sustainably maximize the value of our brand

(IV) The influence of significant Changes of policies and laws, domestic or foreign, toward the finance of the Company and the corresponding measures in the most recent year and up to the publication date of the annual report:

Gigabyte management is compliant to both local and international laws. Various departments are able to keep track of changes to major policies and laws and adjust our internal control and management policies as well as business activities where appropriate to ensure smooth business operations. Hence, Gigabyte is able to respond in a timely and effective manner to changes in important policies and laws.

Addressing International Tax Anti-Avoidance and strong demands by EU countries, the British Virgin Islands (BVI), the Cayman Islands (Cayman) and the Malaysian Labuan has been demanding actual operation identification and relevant annual tax reporting beginning this year. This company is continuously watching the promulgation of relevant enforcement rules in the aforementioned districts and carrying out related reporting operations in compliance with these regulations.

Amendments to tax exemption issues in the Statute for Industrial Innovation included extending the original tax measure period (expiration at the end of 2019) by 10 years, and adding regulations on "the deduction of undistributed earnings invested in substantive investment" and on investments in smart machinery and 5G mobile communication systems. The Company will use the tax exemption measures to obtain more resources for product innovation and transformation.

- (V) The influence of Changes of technology and in the industry toward the finance of the Company and the corresponding measures in the most recent year and up to the publication date of the annual report:

Gigabyte has been involved in this industry for many years and has continuously invested large amounts of resources for the R&D of new technologies, achieving a first rate R&D capability in our fields. Additionally, Gigabyte's management team maintains constant vigilance for future trends and technologies, and would adjust corporate business strategies and expand new market opportunities so that Gigabyte would remain in effective command of the overall economic environment and be aware of possible changes to corporate finances and businesses resulting from changes in the industry.

- (VI) Gigabyte garnered another award for the 22 time in a row and has repeatedly won international design awards. We shall be able to maintain our superior corporate image.

- (VII) Expected results from mergers and acquisition and possible risk: N/A

- (VIII) Expected results from expansion of facilities and possible risk: See Item IV.

- (IX) Possible risks from concentration of purchase and sales:

The customers who accounted for more than 10% of the sales of the Company are the sales platforms of the Company in Europe and Mainland China. The sales of this subsidiary are mainly from various European and Mainland China customers, so there is no risk of high concentration of sales. In addition, in terms of purchasers, Intel, NVIDIA and AMD motherboards and VGA chip makers are leading companies in the information industry. This is an industrial feature and there is no risk of concentration.

- (X) The effect and risk of the massive transaction of or conversion of shares by directors, supervisors or dominant shareholders of the Company holding more than 10% of the stakes:

There were no massive transactions or conversion of shares effected by the directors or dominant shareholders of the Company holding more than 10% of the stakes in 2019 or as of date of publication.

- (XI) The effect and risks of the Change of the management: N/A.

- (XII) Litigious or Non-Litigious Events: There have been no litigious or non-litigious events that may significant affect the Company.

- (XIII) Other major risks and responding measures: None.

VII. Others: None.



- (2) Pursuant to Article 369-3 of the Company Act, subordinate company presumed to have controlling interest: Nil.  
(3) Pursuant to Article 369-2 of the Company Act, subordinate companies with HR, finance or business operations directly or indirectly controlled by the Company: Nil.  
2. Basic data by Affiliates:

December 31, 2019

Name of Company	Date of Establishment	Address	Capital Received	Primary business or production Item
GB.T., Inc.	1990.04.10	17358 Railroad Street, City of Industry, CA, U.S.A.	USD 6,010,700	Sale of Motherboard, computer and peripherals
GB.T. Technology Trading GmbH	1993.09.21	Bullenkoppel 16, 22047 Hamburg, Germany	EUR 7,620,000	Promotion of Motherboard, computer and peripherals
Freedom International Group Ltd.	1997.09.11	P.O.Box 4342,Road Town, Tortola, VG1110, Virgin Islands British	USD 142,671,691.54	Holding company
Charleston Investments Limited	1998.04.08	P.O.Box 31119 Grand Pavilion,Hibiscus Way,802 West Bay Road,Grand Cayman KY1-1205, Cayman Islands	USD 57,032,141.68	Holding company
Dongguan Gigabyte Electronics Co., Ltd.	1998.11.17	3 Yu Yuan Yi Road, Yu Yuan Industrial District, HuangJiang, DOngGuan, GuangDong	USD 36,380,000	Manufacturing of Motherboard, computer and peripherals
GBT Tech. Co. Ltd.	1999.01.26	13 Warren Yard, Warren Farm Office Village, Wolverton Mill, Milton Keynes England MK12 5NW	GBP 800,000	Promotion of Motherboard, computer and peripherals
Chi-Ga Investment Corp.	1999.08.30	6F., No. 10, Sec. 1, Roosevelt Rd., Zhongzheng Dist., Taipei City, Taiwan	NTD 2,937,565,000	Holding company
GB.T. LBN Inc.	2000.05.13	Level 15(A1), Main Office Tower Financial Park Labuan, Jalan Merdeka 87000 F.T., Labuan, MALAYSIA	-	To entrust to manufacture in China of Motherboard, computer and peripherals
Giga Future Limited	2001.02.08	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 82,819,549.86	Holding company
Ningbo Gigabyte Co., Ltd.	2001.03.30	9 ChuangYeEr Road, NingBo Bonded West Zone, NingBo, ZheJiang	USD 85,629,768	Manufacturing of Motherboard, computer and peripherals
Ningbo Best-Yield Repair and Maintenance Co., Ltd.	2001.06.05	9 ChuangYeEr Road, NingBo Bonded West Zone, NingBo, ZheJiang	USD 5,800,000	Repairing of computer, peripherals
Ningbo Gigabyte International Trading Co.	2001.06.05	9 ChuangYeEr Road, NingBo Bonded West Zone, NingBo, ZheJiang	USD 8,000,000	Sale of Motherboard, computer and peripherals
Giga-Byte Technology B.V.	2001.07.13	Steenoven 24, 5626 DK Eindhoven, Netherlands	EUR 850,000	Sale of Motherboard, computer and peripherals
Giga-Trend International Investment Group Ltd.	2003.02.26	6F.-2, No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City, Taiwan	NTD 695,900,000	Holding company
Ningbo Zhong Jia Technology Trading Co., Ltd	2003.04.04	9 ChuangYeEr Road, NingBo Bonded West Zone, NingBo, ZheJiang	CNY 28,000,000	Sale of Motherboard, computer and peripherals
Gigabyte Technology Pty. Ltd.	2003.11.28	U1/19-23 Clarinda Road Oakleigh South VIC 3167, Australia.	AUD 2,400,000	Promotion of Motherboard, computer and peripherals
Aorus Pte. Ltd.	2004.01.15	60 Paya Lebar Road #07-31 Paya Lebar Square Singapore	SGD 3,073,000	Trademark registration
Giga-Byte Communications Inc.	2004.05.05	B2 No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City, Taiwan	NTD 21,488,380	Discontinued operation
Giga-Trend International Management Group	2004.05.21	15th Floor 3, No. 128, Section 2, Dunhua South Road, Daan District, Taipei City, Taiwan	NTD 10,000,000	Venture capital management and consulting business
Gigabyte Technology (India) Private Limited	2003.04.17	807 & 808, 8th Floor, Naman Midtown, B-WING, Elphinstone Rd., Mumbai	INR 46,000,000	Promotion and Repairing of Motherboard, computer and peripherals
G-Style Co., Ltd.	2005.07.27	5F No. 221, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City, Taiwan	NTD 720,000,000	sale of notebooks
BYTE International Co., Ltd.	2006.03.13	B2 No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City, Taiwan	NTD 30,000,000	Promotion and Repairing of ITC products (3C outlet)

Name of Company	Date of Establishment	Address	Capital Received	Primary business or production Item
Giga Advance (Labuan) Limited	2007.01.29	Lot 2 & 3,level 3, Wisma lazenda ,Jalan kemajuan,87000 Federal Territory of Labuan, Malaysia	USD 10,000	liquidating
Nippon Giga-Byte Corp.	2008.09.25	15-14 Kanda Rokuchome, Chiyoda, Tokyo, Japan	JPY 10,000,000	Promotion of Motherboard, computer and peripherals
Gigabyte Technology Poland SP Z.O.O.	2009.05.22	ul. Fabry czna 20, 53-609, Wroclaw, Poland	PLN 50,000	Repairing of Motherboard, computer and peripherals
Gigabyte Technology ESPANA S.L.U.	2009.07.30	Calle Bilbao nº 58, BARCELONA, ESPAÑA	EUR 5,000	Promotion of Motherboard, computer and peripherals
Gigazone Holdings Limited	2010.11.12	Intershore Chambers, P.O. Box 4342, Road Town, Tortola, British Virgin Islands	USD 6,900,000	Holding company
Gigabyte Technology LLC.	2012.05.03	506, 138, WONHYORO YONGSANGU, SEOUL, South Korea	KRW 840,000,000	Promotion of Motherboard, computer and peripherals
Gigabyte Trading Inc.	2012.08.14	17358 Railroad Street, City of Industry, CA, U.S.A.	USD 50,000	ODM bussiness
Senyun Precise Optical Co., Ltd	2013.05.13	No. 2, Songjiang N. Rd., Zhongti Dist., Taoyuan City 320, Taiwan	NTD 634,583,720	Manufacturing and sale of optical and electronic components
OGS Europe B.V.	2013.10.18	Steenoven 24, 5626 DK, Eindhoven, Netherlands	EUR 300,000	Repairing of Motherboard, computer and peripherals
Shenzhen BestYield Tech. Services Co., Ltd.	2015.06.30	Block 1, 4th floor Unit B, GuoDian Technology & Logistics Center, 3 TaoHua road, FuTian Bonded Zone, ShenZhen	CNY 3,000,000	Repairing of Motherboard
Sellita Precision Co., Ltd.	2016.04.18	B2 No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City , Taiwan	NTD 50,000,000	Consignment development, manufacturing and sales of automotive parts
Dongguan Senyun Precise Optical Co., Ltd.	2016.04.18	B27 11 <sup>th</sup> floor Minjian Financial Center, 111 GuanTai Road, NanCheng Avenue, DongGuan	CNY 327,550	Selling optical and electronic components and parts
GIGAIPC CO., LTD.	2017.12.14	B1 No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City , Taiwan	NTD 200,000,000	Selling of electronic components and parts, computer information products
Zaozhuang Bestyield Resources Recycling Co., Ltd.	2018.11.30	Suite 1601, SOHO Zhujiang Building D2, Zhujiang Rd., Xuecheng Dist., Zaozhuang City, Shandong Province, China	CNY 1,200,000	Recycling and sale of renewable resources
Gigabyte Information Technology Commerce Limited Company	2010.04.22	KÜÇÜKBAKKALKÖY MAH.DEFNE SK. FLORA RESIDANCE AP.N.1/282 ATAŞEHİR, İSTANBUL, Turkey	TRY 200,000	Promotion of Motherboard, computer and peripherals

3. Presumed to have the same shareholder data as an affiliate with controlling interest or subordination: Nil.

4. Overall scope of business of the affiliates

The business scope of the Company and its affiliates includes the manufacture, processing and trading of motherboards, graphic cards and other computer peripherals. The scope of the motherboard business managed by the affiliates is as follows:

- (1) G.B.T., Inc. 、 G.B.T. Technology Trading GmbH 、 G.B.T. Tech. Co., Ltd. 、 Giga-Byte Technology B.V. 、 Gigabyte Technology Pty. Ltd. 、 Aorus Pte. Ltd. 、 Gigabyte Technology (India) Private Limited 、 Nippon Giga-Byte Corp. 、 Gigabyte Technology Poland SP. Z.O.O. 、 Gigabyte Technology ESPANA S.L.U. 、 Gigabyte Information Technology Commerce Limited Company 、 Gigabyte Technology LLC and Gigabyte Trading Inc. : Sale, promotion and repair of computer information products in the Americas, Europe, Asia and the Pacific region.
- (2) Dongguan Gigabyte Electronics Co., Ltd. 、 Ningbo Gigabyte Co., Ltd. : Manufacture of computer information products and components for mainland China.
- (3) Ningbo Best-Yield Repair and Maintenance Co., Ltd. and Shenzhen BestYield Tech. Services Co., Ltd. : After-sales maintenance of computer information products in mainland China.
- (4) Ningbo Zhong Jia Technology Trading Co., Ltd. : Sale of computer information products and components for mainland China.
- (5) BYTE International Co., Ltd. : Promotion and Repairing of ITC products (3C outlet).

- (6) G.B.T. LBN Inc. : To entrust to manufacture in China of Motherboard, computer and peripherals.  
(7) Freedom International Group Ltd. · Charleston Investment Ltd. · Giga Future Limited and Gigazone Holdings Limited : Holding company.  
(8) OGS Europe B.V. : Repairing of Motherboard, computer and peripherals.  
(9) G-Style Co., Ltd. : Sale of notebooks.  
(10) Senyun Precise Optical Co., Ltd. : Manufacturing and sale of optical and electronic components.  
(11) Selita Precision Co., Ltd. : Consignment development, manufacturing and sales of automotive parts.  
(12) Dongguan Senyun Precise Optical Co., Ltd. : Selling of optical and electronic components and parts for mainland China.  
(13) GIGAIPC CO., LTD. : Selling of electronic components and parts, computer information products.  
(14) Zaozhuang Bestyield Resources Recycling Co., Ltd.: Recycling and sale of renewable resources.

5. Information on the directors, supervisors and general managers by affiliate:

December 31, 2019

Name of Company	Role	Name / Representative	Number of Shares Held	
			Number of Shares	Shares Ratio %
G.B.T., Inc.	Director	Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming · Lu, Zheng-Wei	—	—
G.B.T. Technology Trading GmbH	Director	Liu, Ming-Hsiung · Huang, Guo-Hua	—	—
Freedom International Group Ltd.	Director	Giga-Byte Technology Co., Ltd. Representative: Yeh, Pei-Chen	142,671,692.54	100
Charleston Investments Limited	Director	Freedom International Group Ltd. Representative: Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming	57,032,141.68	100
Dongguan Gigabyte Electronics Co., Ltd.	Director	Charleston Investments Limited Representative: Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming	—	100
	GM	Ko, Wei-Di	—	—
GBT Tech. Co. Ltd.	Director	Liu, Ming-Hsiung · Huang, Guo-Hua	—	—
Chi-Ga Investment Corp.	Director	Giga-Byte Technology Co., Ltd. Representative: Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming	293,756,500	100
G.B.T. LBN Inc.	Director	Freedom International Group Ltd. Representative: Yeh, Pei-Chen	—	100
Giga Future Limited	Director	Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming	—	—
Ningbo Gigabyte Co., Ltd.	Director	Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming · Tseng, Chun-Ming	—	—
	GM	Ko, Wei-Di	—	—
Ningbo Best-Yield Repair and Maintenance Co., Ltd.	Director	Charleston Investments Limited Representative: Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming · Tseng, Chun-Ming	—	100
Ningbo Gigabyte International Trading Co.	Director	Charleston Investments Limited Representative: Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming · Tseng, Chun-Ming	—	100
Giga-Byte Technology B.V.	Director	Lian, Jih-Sin	—	—
Giga-Trend International Investment Group Ltd.	Director	Chi-Ga Investment Corp. Representative: Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming	65,290,000	100
	Supervisor	Chi-Ga Investment Corp. Representative: Chen, Chun-Ying	—	—
	GM	Li, You-Sin	—	—
Ningbo Zhong Jia Technology Trading Co., Ltd	Director	Liu, Ming-Hsiung	—	—
Gigabyte Technology Pty. Ltd.	Director	Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming · Chen, You-Lang	—	—
Aorus Pte. Ltd.	Director	Liu, Ming-Hsiung · Ma, Mou-Ming	—	—
Giga-Byte Communications Inc.	Director	Giga-Byte Technology Co., Ltd. Representative: Yeh, Pei-Chen · Liu, Ming-Hsiung · Ma, Mou-Ming · Tseng, Chun-Ming	2,145,831	99.86
	Supervisor	Giga Investment Co. Representative: Chen, Chun-Ying	7	—



Name of Company	Role	Name / Representative	Number of Shares Held	
			Number of Shares	Shares Ratio %
Giga-Trend International Management Group	Director	Giga Investment Co. Representative: Yeh, Pei-Chen · Liu, Ming-Hsiung	600,000	60
	Director	Li, You-Sin	10,000	1
	Supervisor	Chen, Chun-Ying	—	—
Gigabyte Technology (India) Private Limited	Director	Liu, Ming-Hsiung · Liu, Wen-Chung · Sunil Grewal	—	—
	Director	Giga-Byte Technology Co., Ltd. Representative: Ma, Mou-Ming · Yeh, Pei-Chen · Liu, Ming-Hsiung	72,000,000	100
G-Style Co., Ltd.	Supervisor	Giga-Byte Technology Co., Ltd. Representative: Chen, Chun-Ying	—	—
	Director	Giga-Byte Technology Co., Ltd. Representative: Yeh, Pei-Chen · Lin, Chi-Ching · Chen Zheng-Feng	3,000,000	100
BYTE International Co., Ltd.	Supervisor	Giga-Byte Technology Co., Ltd. Representative: Liu, Ming-Hsiung	—	—
	Director	Liquidating	—	—
Giga Advance (Labuan) Limited	Director	Lin Hong-Yu · Yeh, Pei-Chen · Ma, Mou-Ming	—	—
Nippon Giga-Byte Corp.	Supervisor	Liu, Ming-Hsiung	—	—
Gigabyte Technology Poland SP Z.O.O.	Director	Huang Guo-Hua	—	—
Gigabyte Technology ESPANA S.L.U.	Director	Wang Chuan-Jia	—	—
Gigabyte Information Technology Commerce Limited Company	Director	Giga-Byte Technology Co., Ltd. Representative: Chen, Jing Ting	8,000	100
Gigazone Holdings Limited	Director	Liu Zhong-Jin	—	—
Gigabyte Technology LLC.	Director	Liquidating and the Board dissolution	—	—
Gigabyte Trading Inc.	Director	Ma, Mou-Ming · Chiu, Chih Peng	—	—
	Supervisor	Chen, Chun-Ying	—	—
OGS Europe B.V.	Director	Liu, Ming-Hsiung · Lu, Zheng-Wei	—	—
	Director	Zhou Si-wei	526,028	0.83
Shenzhen BestYield Tech. Services Co., Ltd.	Director	Chi-Ga Investment Corp. Representative: Wu, Bi-Pei · Bai, Guang-Hua · Chen Hui-Zhou · Pan Jin-Gui	54,727,814	86.24
	Supervisor	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung · Chen, Chun-Ying	1,073,273	1.69
Selta Precision Co., Ltd.	Director	Ma, Mou-Ming · Lin, Chi-Ching	—	—
	Director	Lin, Chi-Ching	—	—
Dongguan Senyun Precise Optical Co., Ltd.	Director	Chi-Ga Investment Corp. Representative: Tseng, Chun-Ming · Chao Cheng · Bai, Guang-Hua	5,000,000	100
	Supervisor	Chen, Hwei-Jhou · Bai, Guang-Hua · Huang Yu-Hua	—	—
GIGAIPC CO., LTD.	Director	Chen, Chun-Ying	—	—
	Director	Chi-Ga Investment Corp. Representative: Li, E-Tay · Bai, Guang-Hua · Chen, Zhang-Xiang	20,000,000	100
Zaozhuang Bestyield Resources Recycling Co., Ltd.	Director	Ningbo Best-Yield Repair and Maintenance Co., Ltd. Representative: Lin, Chi-Ching	—	—
	Supervisor	Ningbo Best-Yield Repair and Maintenance Co., Ltd. Representative: Chen, San-Jing	—	—

(II) Summary of Business Operations of Affiliates:  
Financial status and operating results by affiliate:

December 31, 2019 Unit: NTD '000; shares / NT\$

Company Name	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Profit for the year (After income tax)	Earnings per share
G.B.T., Inc.	186,439	3,099,669	2,799,561	300,108	12,220,254	196,497	144,436	1,297.89
G.B.T. Technology Trading GmbH	272,959	308,313	9,094	299,219	96,660	4,672	4,688	Note 2
Freedom International Group Ltd.	4,617,682	6,211,156	11,160	6,199,996	0	(7,373)	473,641	3.32
Charleston Investments Limited	1,717,010	2,796,436	2,560	2,793,876	0	(163)	346,687	6.08
Dongguan Gigabyte Electronics Co., Ltd.	1,240,229	2,673,184	1,188,823	1,484,361	9,560,093	205,031	198,131	Note 2
GBT Tech Co. Ltd.	47,488	18,661	5,178	13,483	28,431	2,160	1,892	2.37
Chi-Ga Investment Corp.	2,937,565	3,635,965	107	3,635,858	-	(320)	(29,279)	(0.1)
G.B.T. LBN Inc.	0	11,845	416,843	(404,998)	543	(166,491)	(214,629)	Note 2
Giga Future Limited	2,493,365	3,242,633	1,518	3,241,115	0	(52)	293,263	3.54
Ningbo Gigabyte Co., Ltd.	2,934,850	4,067,964	917,245	3,150,719	12,641,741	235,222	288,573	Note 2
Ningbo Best-Yield Repair and Maintenance Co., Ltd.	172,366	222,283	60,453	161,830	358,629	4,671	24,186	Note 2
Ningbo Gigabyte International Trading Co.	286,253	1,123,536	720	1,122,816	13,474	(5,497)	118,359	Note 2
Giga-Byte Technology B.V.	25,984	188,777	124,979	63,798	1,002,043	24,393	23,676	2,785.41
Giga-Trend International Investment Group Ltd.	652,900	712,092	8,630	703,462	-	(25,853)	28,571	0.44
Ningbo Zhong Jia Technology Trading Co., Ltd	121,044	1,123,536	1,643,767	(520,231)	12,312,169	123,135	122,167	Note 2
Gigabyte Technology Pty. Ltd.(Australia)	55,664	68,854	13,793	55,061	70,064	2,201	1,953	0.81
Aorus Pte. Ltd.	68,728	20,292	137	20,155	0	(2,836)	(2,836)	(0.92)
Giga-Byte Communications Inc.	21,488	38,657	15,727	22,930	263	(267)	(258)	(0.12)
Giga-Trend International Management Group	10,000	37,291	6,687	30,604	-	12,090	9,853	9.85
Gigabyte Technology (India) Private Limited	35,925	95,107	44,091	51,016	54,078	4,571	3,438	0.75
G-Style Co., Ltd.	720,000	938,589	611,172	327,417	1,936,291	(25,392)	(14,536)	(0.20)
BYTE International Co., Ltd.	30,000	111,849	23,980	87,869	110,547	31,253	30,663	10.22
Giga Advance (Labuan) Limited	301	11,160	0	11,160	0	(325)	(234)	(23.40)
Nippon Giga-Byte Corp.	3,495	22,177	11,741	10,436	32,285	1,856	1,144	1,144
Gigabyte Technology Poland SP Z O.O.	396	2,421	680	1,741	11,427	321	32	320
Gigabyte Technology ESPANA S.L.U.	241	4,819	556	4,263	14,789	292	208	41.60
Gigabyte Information Technology Commerce Limited Company	3,541	2,703	376	2,327	4,635	262	168	21
Gigazone Holdings Limited	-	-	-	-	-	-	(3,436)	(99.59)
Gigabyte Technology LLC.	22,534	38,194	4,036	34,158	45,896	882	642	3.82

Company Name	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Profit for the year (After income tax)	Earnings per share
Gigatey Trading Inc.	1,505	1,530	-	1,530	-	(81)	(81)	(1.62)
Senyun Precise Optical Co., Ltd.	634,584	685,223	372,536	312,687	228,937	(249,914)	(261,151)	(4.12)
OGS Europe B.V.	10,119	32,214	18,371	13,843	45,373	1,451	3,796	1,265.33
Shenzhen BestYield Tech. Services Co., Ltd.	12,969	14,376	10,962	3,414	26,742	(463)	(451)	Note 2
Selita Precision Co., Ltd.	50,000	37,902	480	37,422	1,253	(486)	(187)	(0.04)
Dongguan Senyun Precise Optical Co., Ltd.	1,609	32,727	32,912	(185)	21,498	(566)	(902)	Note 2
GIGAIPC CO., LTD.	200,000	356,781	186,714	170,067	275,401	(8,345)	(7,814)	(0.39)
Zaozhuang Bestyield Resources Recycling Co., Ltd.	5,188	7,189	274	6,915	4,295	1,759	1,778	Note 2

Note 1: If the affiliate is an overseas entity, the respective balance sheets and income statements must be converted at the rate as on the report date and presented in NTD (thousands)

Note 2: A limited company. Not Applicable.

(III) Consolidated financial statement: please refer to the “Current Year Audited Consolidated Financial Statement of the Subsidiaries” in “Six. Financial Summary”.

(IV) Affiliation Report : None.

II. Processing of private equity as of current year and up to financial statement report date : None.

III. Subsidiary holding or disposing shares as of current year and up to financial statement report date : Not applicable.

IV. Any other supplementary information : None °

V. Any incidents of significance pertaining to Article 36 para 3 item 2 of the Securities & Exchange Act as of current year and up to financial statement report date : None.



台北總公司 / Taipei Headquarter



桃園廠 / Nan Ping Factory, Taiwan



大陸東莞廠 / Dong Guan Factory, China



大陸寧波廠 / Ning Bo Factory, China