

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019

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

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019
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INDEPENDENT AUDITORS' REPORT

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, 2020 and 2019, 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 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, 2020 and 2019, 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. Our responsibilities under those standards are further described in the Auditors' 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 Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Company's 2020 parent company only financial statements. 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 Company's 2020 parent company only financial statements are stated as follows:

Occurrence of revenue from significant new counterparty

Description

Please refer to Note 4(28) for the accounting policies on revenue recognition. For the year ended December 31, 2020, the parent company only operating revenue amounted to NT\$84,087,874 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, 2020, the inventories and allowance for valuation loss amounted to NT\$11,317,869 thousand and NT\$210,674 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 realizable value; Valuation loss are recognized for those inventories which exceed certain aging period or individually identified as obsolete inventories based on its net realizable 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 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 \$10,053 thousand and \$21,193 thousand, representing 0.02% and 0.05% of total parent company only assets as of December 31, 2020 and 2019, respectively, and total net comprehensive loss were \$11,140 thousand and \$27,326 thousand, representing (0.25%) and (1.27%) 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 the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, 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 auditors' 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 auditors' 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Se-Kai Lin
For and on behalf of PricewaterhouseCoopers, Taiwan
March 15, 2021

Fang-Yu Wang

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 independent auditors' report 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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 10,777,615	21	\$ 5,197,276	14
1110	Financial assets at fair value through profit or loss - current	6(2)	545,764	1	473,217	1
1136	Financial assets at amortized cost-current	6(3)	590,000	1	90,000	-
1150	Notes receivable, net	6(4)	2,897	-	2,995	-
1170	Accounts receivable, net	6(4)	4,387,759	9	3,628,543	9
1180	Accounts receivable-related parties, net	7	8,843,389	17	5,938,535	16
1200	Other receivables		73,125	-	84,063	-
1220	Current income tax assets		-	-	41,713	-
130X	Inventories, net	6(5)	11,107,195	21	8,830,854	23
1410	Prepayments		546,894	1	293,084	1
1470	Other current assets		1,483	-	912	-
11XX	Total current assets		<u>36,876,121</u>	<u>71</u>	<u>24,581,192</u>	<u>64</u>
Non-current assets						
1535	Financial assets at amortized cost-non-current	6(3) and 8	153,413	1	158,040	-
1550	Investments accounted for using equity method	6(6) and 7	11,487,898	22	10,543,543	28
1600	Property, plant and equipment, net	6(7)	2,431,447	5	2,519,945	7
1755	Right-of-use assets	6(8)	74,109	-	61,817	-
1780	Intangible assets		24,679	-	22,861	-
1840	Deferred income tax assets	6(24)	520,795	1	371,164	1
1900	Other non-current assets		156,874	-	144,592	-
15XX	Total non-current assets		<u>14,849,215</u>	<u>29</u>	<u>13,821,962</u>	<u>36</u>
1XXX	Total assets		<u>\$ 51,725,336</u>	<u>100</u>	<u>\$ 38,403,154</u>	<u>100</u>

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
Liabilities						
Current liabilities						
2130	Contract liabilities - current	6(17) and 7	\$ 3,847,245	7	\$ 370,694	1
2150	Notes payable		257	-	54,092	-
2170	Accounts payable		8,641,802	17	7,042,552	19
2180	Accounts payable-related parties	7	4,180,167	8	1,982,318	5
2200	Other payables	6(10) and 7	4,996,254	10	3,379,716	9
2230	Current income tax liabilities		709,676	1	-	-
2250	Provisions for liabilities - current	6(11)	776,454	2	513,568	1
2280	Lease liabilities-current		38,968	-	43,549	-
2300	Other current liabilities		143,794	-	125,267	-
21XX	Total current liabilities		<u>23,334,617</u>	<u>45</u>	<u>13,511,756</u>	<u>35</u>
Non-current liabilities						
2540	Long-term borrowings	6(12)	200,000	-	-	-
2570	Deferred income tax liabilities	6(24)	35,958	-	-	-
2580	Lease liabilities-non-current		35,468	-	18,641	-
2600	Other non-current liabilities	6(13)	724,102	2	574,946	2
25XX	Total non-current liabilities		<u>995,528</u>	<u>2</u>	<u>593,587</u>	<u>2</u>
2XXX	Total liabilities		<u>24,330,145</u>	<u>47</u>	<u>14,105,343</u>	<u>37</u>
Equity						
Capital stock						
3110	Common stock	6(14)	6,356,889	12	6,356,889	17
Capital surplus						
3200	Capital surplus	6(15)	3,884,904	7	3,896,889	10
Retained earnings						
3310	Legal reserve	6(16)	4,575,820	9	4,381,896	11
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings		11,379,927	22	8,618,094	23
Other equity						
3400	Other equity		771,297	2	617,689	1
3XXX	Total equity		<u>27,395,191</u>	<u>53</u>	<u>24,297,811</u>	<u>63</u>
3X2X	Total liabilities and equity		<u>\$ 51,725,336</u>	<u>100</u>	<u>\$ 38,403,154</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, 2020 AND 2019

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

Items	Notes	2020		2019	
		Amount	%	Amount	%
4000 Operating revenue	6(17) and 7	\$ 84,087,874	100	\$ 62,383,990	100
5000 Operating costs	6(5)(22) and 7	(72,143,565)	(86)	(55,174,125)	(89)
5900 Gross profit		<u>11,944,309</u>	<u>14</u>	<u>7,209,865</u>	<u>11</u>
Operating expenses	6(22) and 7				
6100 Selling expenses		(3,715,471)	(4)	(2,790,497)	(4)
6200 General and administrative expenses		(1,845,842)	(2)	(1,180,797)	(2)
6300 Research and development expenses		(2,261,837)	(3)	(1,844,292)	(3)
6450 Expected credit losses	6(22)	(10,452)	-	(3,434)	-
6000 Total operating expenses		<u>(7,833,602)</u>	<u>(9)</u>	<u>(5,819,020)</u>	<u>(9)</u>
6900 Operating profit		<u>4,110,707</u>	<u>5</u>	<u>1,390,845</u>	<u>2</u>
Non-operating income and expenses					
7100 Interest revenue	6(18)	46,186	-	54,410	-
7010 Other income	6(19)	798,896	1	451,764	1
7020 Other gains and losses	6(20)	220,838	-	66,286	-
7050 Finance costs	6(21)	(2,049)	-	(2,189)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	27,569	-	201,350	-
7000 Total non-operating income and expenses		<u>1,091,440</u>	<u>1</u>	<u>771,621</u>	<u>1</u>
7900 Profit before income tax		<u>5,202,147</u>	<u>6</u>	<u>2,162,466</u>	<u>3</u>
7950 Income tax expense	6(24)	(827,818)	(1)	(223,225)	-
8200 Profit for the year		<u>\$ 4,374,329</u>	<u>5</u>	<u>\$ 1,939,241</u>	<u>3</u>
Other comprehensive income (loss), net					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plans	6(13)	(\$ 25,070)	-	(\$ 29,084)	-
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		87,222	-	509,446	1
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	5,014	-	5,817	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		<u>67,166</u>	<u>-</u>	<u>486,179</u>	<u>1</u>
Components of other comprehensive income (loss) that will subsequently be reclassified to profit or loss					
8361 Exchange differences arising from translation of foreign operations		66,386	-	(276,549)	(1)
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss		<u>66,386</u>	<u>-</u>	<u>(276,549)</u>	<u>(1)</u>
8300 Other comprehensive income for the year, net		<u>\$ 133,552</u>	<u>-</u>	<u>\$ 209,630</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 4,507,881</u>	<u>5</u>	<u>\$ 2,148,871</u>	<u>3</u>
9750 Basic earnings per share	6(25)	\$	6.88	\$	3.05
9850 Diluted earnings per share	6(25)	\$	6.79	\$	3.02

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, 2020 AND 2019

(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	Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income	
<u>Year 2019</u>									
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(16)								
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
<u>Year 2020</u>									
Balance at January 1, 2020		\$ 6,356,889	\$ 3,896,889	\$ 4,381,896	\$ 426,354	\$ 8,618,094	(\$ 673,470)	\$ 1,291,159	\$ 24,297,811
Profit for the year		-	-	-	-	4,374,329	-	-	4,374,329
Other comprehensive (loss) income for the year		-	-	-	-	(20,056)	66,386	87,222	133,552
Total comprehensive income (loss) for the year		-	-	-	-	4,354,273	66,386	87,222	4,507,881
Appropriations of 2019 earnings:	6(16)								
Legal reserve		-	-	193,924	-	(193,924)	-	-	-
Cash dividends		-	-	-	-	(1,398,516)	-	-	(1,398,516)
Changes in equity of associates accounted for using equity method		-	(11,985)	-	-	-	-	-	(11,985)
Balance at December 31, 2020		\$ 6,356,889	\$ 3,884,904	\$ 4,575,820	\$ 426,354	\$ 11,379,927	(\$ 607,084)	\$ 1,378,381	\$ 27,395,191

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities</u>			
Profit before income tax		\$ 5,202,147	\$ 2,162,466
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)(22)	313,233	274,233
Amortization	6(22)	53,018	84,175
Profit from lease modification	6(8)(20)	(235)	(13)
Expected credit losses	6(22)	10,452	3,434
Net loss (gain) on valuation of financial assets at fair value through profit or loss	6(20)	1,264	(8,035)
Interest expense	6(21)	2,049	2,189
Interest income	6(18)	(46,186)	(54,410)
Share of profit of subsidiaries and associates accounted for using the equity method	6(6)	(27,569)	(201,350)
Loss on disposal of investments accounted for using equity method	6(6)(20)	-	15
Gain on disposal of property, plant and equipment	6(20)	(4,101)	(2,005)
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		(73,811)	(23,488)
Notes receivable		98	1,062
Accounts receivable		(3,674,522)	(3,977,941)
Other receivables		12,999	(2,661)
Inventories		(2,276,341)	2,851,856
Prepayments		(253,520)	17,864
Other current assets		(571)	3,660
Net changes in liabilities relating to operating activities			
Contract liabilities		3,476,551	93,199
Notes payable		(53,835)	44,356
Accounts payable		3,797,099	2,595,721
Other payables		1,622,260	(68,056)
Provisions for liabilities		262,886	80,509
Other current liabilities		18,527	(77,539)
Other non-current liabilities		8,518	575
Cash generated from (used in) operations		8,370,410	3,799,816
Interest received		44,125	55,138
Dividends received		27,578	118,834
Interest paid		(2,049)	(2,189)
Income tax paid		(185,088)	(636,502)
Net cash generated from operating activities		<u>8,254,976</u>	<u>3,335,097</u>

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GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 495,373)	(\$ 1,776)
Acquisition of investments accounted for using equity method	6(6) and 7(2)	(730,481)	(200,000)
Proceeds from disposal of investments accounted for using equity method	6(6)	-	535
Acquisition of property, plant and equipment	6(26)	(137,936)	(286,185)
Proceeds from disposal of property, plant and equipment		7,246	2,097
(Increase) decrease in guarantee deposit paid		(5,056)	1,378
Acquisition of intangible assets		(57,999)	(51,084)
Increase in other non-current assets		(49,456)	(89,621)
Net cash used in investing activities		(1,469,055)	(624,656)
<u>Cash flows from financing activities</u>			
Proceeds from long-term borrowings	6(27)	200,000	-
Increase in guarantee deposit received	6(27)	43,308	154
Repayments of principal portion of lease liabilities	6(27)	(50,374)	(48,414)
Cash dividends paid	6(16)	(1,398,516)	(1,907,067)
Net cash used in financing activities		(1,205,582)	(1,955,327)
Net increase in cash and cash equivalents		5,580,339	755,114
Cash and cash equivalents at beginning of year		5,197,276	4,442,162
Cash and cash equivalents at end of year		\$ 10,777,615	\$ 5,197,276

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, 2020 AND 2019

(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 authorized for issuance by the Board of Directors on March 15, 2021.

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 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
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by FSC.

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

(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 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

(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 3, 'Reference to the conceptual framework'	January 1, 2022
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, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment :proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 realized, 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 realized 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 amortized 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 amortized 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 recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes 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 amortized cost

- A. Financial assets at amortized 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. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. 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 amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes 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 recognized 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 realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, 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 realizable value. Net realizable 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. Unrealized 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 recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize 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) Investments accounted for using equity method- joint ventures

The Company accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company'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 recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. 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

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

- A. Leases are recognized 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 recognized 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 fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the

carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortized 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 amortized, 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 recognized 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 amortized historical cost would have been if the impairment had not been recognized.

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

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) 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.

(21) Derecognition of financial liabilities

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

(22) Provisions

Warranty provisions are recognized 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 recognized as interest expense. Provisions are not recognized for future operating losses.

(23) 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 recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized 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 recognized 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 recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized 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 recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes 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 and directors' remuneration

Employees' compensation and directors' remuneration are recognized 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.

(24) 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 recognized 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 recognized 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.

(25) Income tax

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

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized 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 utilized.

(26) 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.

(27) 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.

(28) Revenue recognition

Sales of goods

- A. The Company manufactures and sells computer peripheral and component parts. Sales are recognized 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 recognized 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 and sales allowances, using the expected value method, and revenue is only recognized 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 recognized as a provision.

D. A receivable is recognized 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, 2020</u>	<u>December 31, 2019</u>
Cash on hand and petty cash	\$ 2,647	\$ 2,683
Checking accounts and demand deposits	3,527,694	2,845,591
Time deposits	<u>7,247,274</u>	<u>2,349,002</u>
	<u>\$ 10,777,615</u>	<u>\$ 5,197,276</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 amortized 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, 2020</u>	<u>December 31, 2019</u>
Beneficiary certificates	\$ 533,221	\$ 456,549
Government bonds	<u>16,298</u>	<u>16,298</u>
	549,519	472,847
Valuation adjustment	<u>(3,755)</u>	<u>370</u>
	<u>\$ 545,764</u>	<u>\$ 473,217</u>

A. Amounts recognized 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>2020</u>	<u>2019</u>
Beneficiary certificates	(\$ 844)	\$ 10,835
Debt instruments	<u>423</u>	<u>642</u>
	<u>(\$ 421)</u>	<u>\$ 11,477</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 amortized cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current items:</u>		
Time deposits with more than three months maturity	<u>\$ 590,000</u>	<u>\$ 90,000</u>
<u>Non-current items:</u>		
Pledged bank deposits	<u>\$ 153,413</u>	<u>\$ 158,040</u>

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

	<u>2020</u>	<u>2019</u>
Interest income	<u>\$ 2,545</u>	<u>\$ 1,131</u>

B. As at December 31, 2020 and 2019, 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 amortized cost held by the Company was \$743,413 and \$248,040, respectively.

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

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

(4) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 2,897</u>	<u>\$ 2,995</u>
Accounts receivable	\$ 4,420,655	\$ 3,650,987
Less: Allowance for uncollectible accounts	<u>(32,896)</u>	<u>(22,444)</u>
	<u>\$ 4,387,759</u>	<u>\$ 3,628,543</u>

A. No notes receivable of the Company was overdue, and the ageing analysis of accounts receivable was based on past due date. Please refer to Note 12(2) for further information.

B. As at December 31, 2020 and 2019, and January 1, 2019, the balances of receivables (including

notes receivable) from contracts with customers amounted to \$4,423,552 \$3,653,982, and \$3,130,411, respectively.

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

D. As at December 31, 2020 and 2019, 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 \$2,897 and \$2,995; \$4,387,759 and \$3,628,543, respectively.

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

(5) Inventories

	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and supplies	\$ 6,441,564	(\$ 109,694)	\$ 6,331,870
Work in progress	1,377,683	(604)	1,377,079
Finished goods and merchandise inventories	<u>3,498,622</u>	<u>(100,376)</u>	<u>3,398,246</u>
	<u>\$ 11,317,869</u>	<u>(\$ 210,674)</u>	<u>\$ 11,107,195</u>
	<u>December 31, 2019</u>		
	<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>

The cost of inventories recognized as expense for the period:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Cost of inventories sold	\$ 71,215,856	\$ 54,623,582
Cost of warranty	959,800	835,699
Gain on reversal of valuation	<u>(32,091)</u>	<u>(285,156)</u>
	<u>\$ 72,143,565</u>	<u>\$ 55,174,125</u>

For the years ended December 31, 2020 and 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, 2020</u>	<u>December 31, 2019</u>
<u>Subsidiaries</u>		
Freedom International Group Ltd.	\$ 6,423,710	\$ 5,944,077
Giga Investment Co.	3,559,767	3,635,838
G.B.T. Technology Trading GmbH	400,468	299,218
BYTE International Co., Ltd.	340,453	87,874
G-Style Co., Ltd.	261,118	311,878
GIGAIPC CO., LTD.	190,830	-
Giga-Byte Technology B.V.	83,111	63,713
G.B.T. Inc.	(72,260)	44,294
Giga-Byte Communication Inc.	22,420	22,898
G.B.T. Technology LLC others	138,635	133,753
<u>Joint ventures:</u>		
MyelinTek Inc.	<u>67,386</u>	<u>-</u>
	11,415,638	10,543,543
Add : Reclassified to other liabilities, others (shown as other non-current liabilities)	<u>72,260</u>	<u>-</u>
	<u>\$ 11,487,898</u>	<u>\$ 10,543,543</u>

- A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2020 for more information on the Company's subsidiary.
- B. For the years ended December 31, 2020 and 2019, shares of profit from subsidiaries accounted for using equity method were \$27,569 and \$201,350, respectively, based on the audited financial statements.
- C. The Company participated in the capital increase raised by Freedom International Group Ltd. with \$102,850 on February 5, 2020. The share interest remains 100% after the capital increase.
- D. The Company participated in the capital increase of MyelinTek Inc. in the amount of \$70,000 on April 6, 2020, and the shareholding ratio was 40%.
- E. The Company participated in the capital increase raised by G.B.T. Technology Trading GmbH with \$79,793 on May 26, 2020. The share interest remains 100% after the capital increase.
- F. The Company participated in the capital increase raised by BYTE International Co., Ltd. with \$190,000 and \$90,000 on July 24, 2020 and November 25, 2020, respectively. The share interest remains 100% after the capital increase.
- G. On September 15, 2020, the Company acquired a 100% equity interest in the second-tier subsidiary, GIGA IPC Co., Ltd., from the subsidiary, Giga Investment Corp., in the amount of \$197,838, and the cash consideration was calculated based on the net assets of the second-tier subsidiary on August 31, 2020.

- H. Gigabyte Global Business Corporation completed the liquidation on April 17, 2019, returning proceeds of \$535 and recognized losses on disposal of investments of \$15.
- I. The Company participated in the capital increase raised by Giga Investment Co. with \$200,000 on November 18, 2019. The share interest remains 100% after the capital increase.
- J. The Company had no significant joint venture. The Company's share of operating results of individual insignificant joint venture are as follows:

	<u>Years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Total comprehensive loss	(\$ 2,614)	\$ -

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(7) Property, plant and equipment

	2020								
	Land			Buildings and structures			Machinery	Others	Total
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	
<u>At January 1</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>
Opening net book amount as at January 1	\$ 926,088	\$ 108,924	\$ 1,035,012	\$ 940,522	\$ 51,423	\$ 991,945	\$ 187,940	\$ 305,048	\$ 2,519,945
Additions	-	-	-	6,561	-	6,561	63,569	62,085	132,215
Disposals	-	-	-	-	-	-	(3,145)	-	(3,145)
Reclassifications	-	-	-	452	-	452	161,058	(116,117)	45,393
Depreciation charge	-	-	-	(49,419)	(1,216)	(50,635)	(92,112)	(120,214)	(262,961)
Closing net book amount as at December 31	<u>\$ 926,088</u>	<u>\$ 108,924</u>	<u>\$ 1,035,012</u>	<u>\$ 898,116</u>	<u>\$ 50,207</u>	<u>\$ 948,323</u>	<u>\$ 317,310</u>	<u>\$ 130,802</u>	<u>\$ 2,431,447</u>
<u>At December 31</u>									
Cost	\$ 926,088	\$ 108,924	\$ 1,035,012	\$ 1,559,383	\$ 62,137	\$ 1,621,520	\$ 965,839	\$ 885,834	\$ 4,508,205
Accumulated depreciation	-	-	-	(661,267)	(11,930)	(673,197)	(648,529)	(755,032)	(2,076,758)
	<u>\$ 926,088</u>	<u>\$ 108,924</u>	<u>\$ 1,035,012</u>	<u>\$ 896,116</u>	<u>\$ 50,207</u>	<u>\$ 948,323</u>	<u>\$ 317,310</u>	<u>\$ 130,802</u>	<u>\$ 2,431,447</u>

	2019								
	Land			Buildings and structures			Machinery	Others	Total
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	
<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)
Closing net book amount as at December 31	<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>

- 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

- 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, etc. As at December 31, 2020 and 2019, payments of lease commitments for short-term leases amounted to \$17,645 and \$638, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 29,269	\$ 36,663
Transportation equipment	<u>44,840</u>	<u>25,154</u>
	<u>\$ 74,109</u>	<u>\$ 61,817</u>

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 25,946	\$ 26,683
Transportation equipment	<u>24,326</u>	<u>22,551</u>
	<u>\$ 50,272</u>	<u>\$ 49,234</u>

- D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$72,178 and \$23,077, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,176	\$ 1,743
Expense on short-term lease contracts	17,645	17,351
Expense on leases of low-value assets	11,665	3,377
Gain on lease modification	235	-

- F. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$80,860 and \$70,885, respectively.

(9) Leasing arrangements – lessor

- 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 years ended December 31, 2020 and 2019, the Company recognized rent income in the

amount of \$16,176 and \$14,256, respectively, 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, 2020</u>	<u>December 31, 2019</u>
2020	\$ -	\$ 8,726
2021	10,574	6,258
2022	8,648	5,944
2023	<u>2,781</u>	<u>2,781</u>
	<u>\$ 22,003</u>	<u>\$ 23,709</u>

(10) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Wages, salaries and bonus payable	\$ 3,301,260	\$ 2,366,707
Employees' compensation and remuneration for directors and supervisors	629,127	291,385
Marketing payable	295,133	244,634
Shipping and freight-in payable	307,860	153,137
Royalties payable	80,093	75,159
Others	<u>382,781</u>	<u>248,694</u>
	<u>\$ 4,996,254</u>	<u>\$ 3,379,716</u>

(11) Provisions

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

	<u>2020</u>	<u>2019</u>
At January 1	\$ 513,568	\$ 433,059
Additional provisions	959,800	835,699
Used during the period	<u>(696,914)</u>	<u>(755,190)</u>
At December 31	<u>\$ 776,454</u>	<u>\$ 513,568</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) 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, 2020</u>
Unsecured borrowings	Borrowing period is from February 13, 2020 to February 13, 2025; principal is repayable monthly starting from February 15, 2023.	0.30%	None	\$ 115,000
Borrowing for purchasing materials	Borrowing period is from February 13, 2020 to February 13, 2025; principal is repayable monthly starting from February 15, 2023.	0.30%	None	<u>85,000</u>
				<u>\$ 200,000</u>

(13) 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 recognized in the balance sheet are determined as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 835,719)	(\$ 800,796)
Fair value of plan assets	<u>229,574</u>	<u>228,240</u>
Net defined benefit liability	<u>(\$ 606,145)</u>	<u>(\$ 572,556)</u>

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

	<u>2020</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	(\$ 800,796)	\$ 228,240	(\$ 572,556)
Current service cost	(4,629)	-	(4,629)
Interest (expense) income	(5,975)	1,734	(4,241)
	<u>(811,400)</u>	<u>229,974</u>	<u>(581,426)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	7,525	7,525
Change in demographic assumptions	(15)	-	(15)
Change in financial assumptions	(38,528)	-	(38,528)
Experience adjustments	<u>5,948</u>	<u>-</u>	<u>5,948</u>
	<u>(32,595)</u>	<u>7,525</u>	<u>(25,070)</u>
Pension fund contribution	-	351	351
Paid pension	<u>8,276</u>	<u>(8,276)</u>	<u>-</u>
At December 31	<u>(\$ 835,719)</u>	<u>\$ 229,574</u>	<u>(\$ 606,145)</u>

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 764,063)	\$ 221,165	(\$ 542,898)
Current service cost	(3,570)	-	(3,570)
Interest (expense) income	(7,602)	2,241	(5,361)
Past service cost	4,684	-	4,684
	<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)	-
At December 31	<u>(\$ 800,796)</u>	<u>\$ 228,240</u>	<u>(\$ 572,556)</u>

(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, 2020 and 2019 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	
	2020	2019
Discount rate	<u>0.35%</u>	<u>0.75%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

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, 2020				
Effect on present value of defined benefit obligation	(\$ <u>24,378</u>)	\$ <u>25,420</u>	\$ <u>24,691</u>	(\$ <u>23,820</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>)

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, 2021 amount to \$14,211.

(f) As of December 31, 2020, the weighted average duration of that retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	14,123
1-2 year(s)		23,788
2-5 years		100,202
Over 5 years		<u>725,296</u>
	\$	<u>863,409</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, 2020 and 2019 were \$87,452 and \$84,888, respectively.

(14) Share capital

As of December 31, 2020, 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 2020 and 2019 is both 635,688,886 shares.

(15) 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 capitalized 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.

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless accumulated legal reserve has reached an amount equal to the Company's paid-in capital. And then special reserve shall be set aside or reversed according to the laws or decrees or the regulations of competent authorities. Appropriation (5% ~ 80%) of the remainder plus prior year's accumulated retained earnings shall be proposed by the Board of Directors, and resolved by the stockholders 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 2019 and 2018 had been resolved by stockholders on June 12, 2020 and June 12, 2019. Details are summarized below:

	Years ended December 31			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 193,924		\$ 256,651	
Cash dividends	1,398,516	\$ 2.20	1,907,067	\$ 3.00

E. As of the date of the auditor's report, the appropriation of retained earnings for 2020 has not been resolved by the Board of Directors. Information about the appropriation of earnings 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.

(17) Operating revenue

	December 31, 2020	December 31, 2019
Revenue from contracts with customers	\$ 84,087,874	\$ 62,383,990

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>	Year ended December 31, 2020		
	<u>Global brand business group</u>	<u>Other business group</u>	<u>Total</u>
Computer parts	\$ 67,038,067	\$ 1,861,047	\$ 68,899,114
Networking communication products	-	8,517,887	8,517,887
Others	4,999,569	1,671,304	6,670,873
	<u>\$ 72,037,636</u>	<u>\$ 12,050,238</u>	<u>\$ 84,087,874</u>

<u>Product Types</u>	Year ended December 31, 2019		
	<u>Global brand business group</u>	<u>Other business group</u>	<u>Total</u>
Computer parts	\$ 48,712,837	\$ 1,319,011	\$ 50,031,848
Networking communication products	-	7,889,147	7,889,147
Others	2,906,769	1,556,226	4,462,995
	<u>\$ 51,619,606</u>	<u>\$ 10,764,384</u>	<u>\$ 62,383,990</u>

B. Contract liabilities

The Company has recognized unearned receipts as revenue-related contract liabilities amounting to \$3,847,245, \$370,694 and \$277,495 as of December 31, 2020 and 2019 and January 1, 2019, respectively.

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

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Unearned receipts	<u>\$ 320,360</u>	<u>\$ 277,495</u>

(18) Interest income

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 39,993	\$ 46,445
Interest income from financial assets measured at amortized cost	2,545	1,131
Interest income from financial assets at fair value through profit or loss	843	3,442
Other interest income	<u>2,805</u>	<u>3,392</u>
	<u>\$ 46,186</u>	<u>\$ 54,410</u>

(19) Other income

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Rent income	\$ 16,176	\$ 14,256
Other income, others	<u>782,720</u>	<u>437,508</u>
	<u>\$ 798,896</u>	<u>\$ 451,764</u>

(20) Other gains and losses

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Foreign exchange gains	\$ 220,442	\$ 61,144
(Losses) gains on financial assets at fair value through profit or loss	(1,264)	8,035
Gains on disposal of property, plant and equipment	4,101	2,005
Gains arising from lease modification	235	13
Losses on disposal of investments	-	(15)
Other losses	<u>(2,676)</u>	<u>(4,896)</u>
	<u>\$ 220,838</u>	<u>\$ 66,286</u>

(21) Finance costs

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Interest expense		
Interest from borrowings	\$ 617	\$ -
Interest from lease liabilities	1,176	1,743
Financial expense, others	<u>256</u>	<u>446</u>
	<u>\$ 2,049</u>	<u>\$ 2,189</u>

(22) Expenses by nature

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Cost of goods sold	\$ 70,367,690	\$ 53,806,692
Employee benefit expense	4,742,400	3,322,747
Warranty cost of after-sale service	959,800	835,699
Marketing service charge	472,740	373,802
Depreciation and amortisation	366,251	358,408
Transportation expenses	276,969	186,037
Expected credit losses	10,452	3,434
Other costs and expenses	<u>2,780,865</u>	<u>2,106,326</u>
	<u>\$ 79,977,167</u>	<u>\$ 60,993,145</u>

(23) Employee benefit expense

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Wages and salaries	\$ 4,280,711	\$ 2,882,787
Labor and health insurance fees	196,377	193,431
Pension costs	96,322	89,135
Directors' remuneration	53,601	52,752
Other personnel expenses	<u>115,389</u>	<u>104,642</u>
	<u>\$ 4,742,400</u>	<u>\$ 3,322,747</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, 2020 and 2019, employees' compensation was accrued at \$583,127 and \$245,385, respectively; while directors' remuneration was both accrued at \$46,000. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 10% and 0.79% of distributable profit of current year for the year ended December 31, 2020. The

employees' compensation and directors' remuneration resolved by the Board of Directors were \$583,127 and \$46,000, and the employees' compensation will be distributed in the form of cash. Employees' compensation and directors' remuneration of 2019 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2019 financial statements. Information about employees' compensation and directors' 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.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Current tax:		
Current tax on profits for the period	\$ 941,717	\$ 243,883
Tax on undistributed surplus earnings	16,177	-
Prior year income tax overestimation	(21,417)	(15,602)
Total current tax	<u>936,477</u>	<u>228,281</u>
Deferred tax:		
Origination and reversal of temporary differences	(108,659)	(5,056)
Income tax expense	<u>\$ 827,818</u>	<u>\$ 223,225</u>

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

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Remeasurement of defined benefit obligations	(\$ 5,014)	(\$ 5,817)

B. Reconciliation between income tax expense and accounting profit:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 1,040,429	\$ 432,493
Expenses disallowed by tax regulation	43,390	725
Tax exempt income by tax regulation	-	(21,359)
Effect from investment tax credits	(98,153)	(75,735)
Changes in assessment of realisation of deferred tax assets	(152,608)	(105,680)
Prior year income tax overestimation	(21,417)	(15,602)
Tax on undistributed surplus earnings	16,177	-
Separate taxation	-	<u>8,383</u>
Income tax expense	<u>\$ 827,818</u>	<u>\$ 223,225</u>

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

	<u>Year ended December 31, 2020</u>			
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
<u>Deferred tax assets</u>				
Provision for warranty expense	\$ 102,714	\$ 52,577	\$ -	\$ 155,291
Loss on inventory	48,553	(6,418)	-	42,135
Pension expense	46,825	1,704	-	48,529
Unrealized profit on intercompany sales	83,649	104,132	-	187,781
Unrealized exchange loss	10,713	(10,713)	-	-
Remeasurement of defined benefit obligations	27,177	-	5,014	32,191
Others	<u>51,533</u>	<u>3,335</u>	<u>-</u>	<u>54,868</u>
	<u>\$ 371,164</u>	<u>\$ 144,617</u>	<u>\$ 5,014</u>	<u>\$ 520,795</u>
<u>Deferred tax liabilities</u>				
Unrealized exchange profit	-	(35,958)	-	(35,958)
	<u>\$ -</u>	<u>(\$ 35,958)</u>	<u>\$ -</u>	<u>(\$ 35,958)</u>

	Year ended December 31, 2019			
	January 1	Recognized in profit or loss	Recognized 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
Unrealized profit on intercompany sales	59,855	23,794	-	83,649
Unrealized 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>

D. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2020 and 2019, the amounts of temporary difference unrecognized as deferred tax liabilities were \$493,816 and \$356,093, respectively.

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

(25) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 4,374,329	635,689	<u>\$ 6.88</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
— Employees' compensation	-	8,524	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,374,329</u>	<u>644,213</u>	<u>\$ 6.79</u>

	<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	-	<u>6,386</u>	
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>

(26) Supplemental cash flow information

Investing activities with partial cash payments

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Purchase of property, plant and equipment	\$ 132,215	\$ 287,618
Add: Opening balance of payable on equipment	16,054	14,621
Less: Ending balance of payable on equipment	(10,333)	(16,054)
Cash paid during the year	<u>\$ 137,936</u>	<u>\$ 286,185</u>

(27) Changes in liabilities from financing activities

	<u>2020</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	\$ -	\$ 62,190	\$ 2,389	\$ 64,579
Changes in cash flow from financing activities	200,000	(50,374)	43,308	(7,066)
Payment of interest expense on lease liabilities(Note)	-	(1,176)	-	(1,176)
Changes in other non-cash items	-	<u>63,796</u>	-	<u>63,796</u>
At December 31	<u>\$ 200,000</u>	<u>\$ 74,436</u>	<u>\$ 45,697</u>	<u>\$ 120,133</u>

	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)
Payment of interest expense on lease liabilities(Note)	(1,743)	-	(1,743)
Changes in other non-cash items	21,980	-	21,980
At December 31	<u>\$ 62,190</u>	<u>\$ 2,389</u>	<u>\$ 64,579</u>

Note: Listed under cash flows from operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Freedom International Group Ltd.(Freedom)	The Company's subsidiary
Gigabyte Technology Pty. Ltd. (G.B.T.-AU)	"
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)	"
BYTE International Co., Ltd. (BYTE International)	"
Giga Investment Corp. (Giga Investment)	"
G.B.T., Inc. (G.B.T.-USA)	"
GIGAIPC CO., LTD. (GIGAIPC)	"
G.B.T. LBN Inc. (G.B.T.-LBN)	The Company's indirect subsidiary
Selita Precision Co., Ltd. (Selita Precision)	"
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)	"
MyelinTek Inc.	The Company's joint venture

Names of related parties	Relationship with the Company
Giga Education Foundation	The Company's other related party

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2020	2019
Sales of goods:		
G.B.T.-USA	\$ 18,993,954	\$ 12,624,549
Ningbo Zhongjia	15,763,934	12,236,148
Subsidiaries	3,149,164	2,417,053
Indirect subsidiaries	<u>91,620</u>	<u>296,327</u>
	<u>\$ 37,998,672</u>	<u>\$ 27,574,077</u>

The sales prices to related parties were based on the agreed contracts. Credit terms to related parties were within 30~120 days after receipt of goods or 60 days for monthly billings. Credit terms to third parties were up to 120 days after receipt of goods purchases.

B. Purchases

	Year ended December 31	
	2020	2019
Purchases of goods:		
Ningbo Gigabyte	\$ 1,669,421	\$ 45,497
Dongguan Gigabyte	1,186,097	82,042
G.B.T.-LBN	-	402,042
Subsidiaries	<u>1,963</u>	<u>1,575</u>
	<u>\$ 2,857,481</u>	<u>\$ 531,156</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 60 days after receipt of goods that would be available to third parties. The payment term for third parties is 30 days after receipt of goods or 60~90 days for monthly billings.

C. Manufacturing overhead-Processing expense

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

The payments to G.B.T.-LBN were for subcontracting motherboard, etc. to Dongguan Gigabyte and Ningbo Giga-Byte. No such transaction was made for the year ended December 31, 2020.

D. Warranty expense

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Ningbo BestYield	\$ 314,349	\$ 310,324
G.B.T.-USA	71,340	74,265
G.B.T.-NL	37,582	30,195
Subsidiaries	42,181	49,032
Indirect subsidiaries	<u>1,848</u>	<u>11,097</u>
	<u>\$ 467,300</u>	<u>\$ 474,913</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 billings.

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

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
G.B.T.-NL	\$ 156,625	\$ 134,911
G.B.T.-AU	83,934	38,658
G.B.T.-Japan	34,939	27,012
Subsidiaries	<u>53,890</u>	<u>48,411</u>
	<u>\$ 329,388</u>	<u>\$ 248,992</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 billings.

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

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
G.B.T.-NL	\$ 175,380	\$ 139,621
Subsidiaries	7,450	28,925
Indirect subsidiaries	<u>5,554</u>	<u>5,804</u>
	<u>\$ 188,384</u>	<u>\$ 174,350</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 billings.

G. Accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
G.B.T.-USA	\$ 5,408,842	\$ 3,640,567
Ningbo Zhongjia	2,062,836	1,439,651
Subsidiaries	653,115	518,572
Indirect subsidiaries	<u>718,596</u>	<u>339,745</u>
	<u>\$ 8,843,389</u>	<u>\$ 5,938,535</u>

H. Accounts payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Ningbo Gigabyte	\$ 2,548,600	\$ 948,464
Dongguan Gigabyte	1,630,840	1,027,137
Subsidiaries	<u>727</u>	<u>6,717</u>
	<u>\$ 4,180,167</u>	<u>\$ 1,982,318</u>

I. Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Ningbo BestYield	\$ 71,692	\$ 34,833
G.B.T. -NL	54,729	26,448
Subsidiaries	42,903	30,447
Indirect subsidiaries	765	401
Other related parties	<u>122</u>	<u>-</u>
	<u>\$ 170,211</u>	<u>\$ 92,129</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Indirect subsidiaries	<u>\$ -</u>	<u>\$ 193,809</u>

K. Property transactions - Acquisition of investments accounted for using equity method

	<u>No. of shares</u>	<u>Objects</u>	<u>Years ended December 31</u>	
			<u>2020</u>	<u>2019</u>
			<u>Consideration</u>	<u>Consideration</u>
BYTE International	28,000,000	Stock	\$ 280,000	\$ -
GIGAIPC	20,000,000	"	197,838	-
Freedom	3,400,000	"	102,850	-
G.B.T. -GmbH	-	"	79,793	-
MyelinTek Inc.	299,999,995	"	70,000	-
Giga Investment	20,000,000	"	-	200,000
			<u>\$ 730,481</u>	<u>\$ 200,000</u>

(3) Key management compensation

	<u>Years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	<u>\$ 455,594</u>	<u>\$ 398,539</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, 2020</u>	<u>December 31, 2019</u>	
Pledged assets - non-current (accounted for as "Financial assets at amortized cost - non-current")			
- Demand deposits	\$ 92,229	\$ 96,942	Repatriated offshore funds
- Time deposits	<u>61,184</u>	<u>61,098</u>	Guarantee for the customs duties
	<u>\$ 153,413</u>	<u>\$ 158,040</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 545,764	\$ 473,217
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents	10,777,615	5,197,276
Financial assets at amortized cost	743,413	248,040
Notes receivable	2,897	2,995
Accounts receivable (including related parties)	13,231,148	9,567,078
Other receivables	73,125	84,063
Guarantee deposits paid	30,372	25,316
	<u>\$ 25,404,334</u>	<u>\$ 15,597,985</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortized cost</u>		
Notes payable	\$ 257	\$ 54,092
Accounts payable (including related parties)	12,821,969	9,024,870
Other payables	4,996,254	3,379,716
Long-term borrowings	200,000	-
Guarantee deposits received	45,697	2,389
Lease liabilities	74,436	62,190
	<u>\$ 18,138,613</u>	<u>\$ 12,523,257</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, recognized 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, 2020</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	\$ 680,031	28.508	\$ 19,386,324
RMB:NTD	129,421	4.832	567,123
<u>Non-monetary items</u>			
USD:NTD	\$ 8,716	28.508	\$ 248,476
<u>Investments accounted for using equity method</u>			
USD:NTD	\$ 225,711	28.508	\$ 6,434,561
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 395,665	28.508	\$ 11,279,618
RMB:NTD	290,238	4.382	1,271,823

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

- iv. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019 amounted to \$220,442 and \$61,144, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

				Year ended December 31, 2020		
				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%	\$	193,863	\$	-	
RMB:NTD	1%		5,671		-	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$	112,796	\$	-	
RMB:NTD	1%		12,718		-	

	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%	\$ 116,900	\$ -
RMB:NTD	1%	2,067	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 76,108	\$ -
RMB:NTD	1%	11,504	-

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, 2020 and 2019 would have increased/decreased by \$5,298 and \$4,570, 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, 2020 and 2019, if market interest rates had increased/decreased by 1 % with all other variables held constant, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$160 and \$162, respectively.
- iii. As December 31, 2020, if the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, pre-tax profit for the year ended December 31, 2020 would have increased/decreased by \$200. The main factor is that floating-rate borrowings result in the change of interest expense.

(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 analyzing 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 utilization of credit limits is regularly monitored.
- v. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are not expected to be recovered.
- vi. The Company adopts following assumptions under IFRS 9 to assess whether these has been a 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 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.
- viii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayment; and
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- ix. The Company used the forecast ability 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, 2020 and 2019, 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, 2020</u>			
Expected loss rate	1.34%	1.48%	4.53%
Total book value	\$ 3,679,912	\$ 699,638	\$ 29,092
Loss allowance	\$ 20,752	\$ 2,264	\$ 947
	<u>61 to 90 days past due</u>	<u>Over 90 days</u>	<u>Total</u>
Expected loss rate	27.08%	100%	
Total book value	\$ 4,209	\$ 7,804	\$ 4,420,655
Loss allowance	\$ 1,129	\$ 7,804	\$ 32,896
	<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	\$ 3,141,007	\$ 481,699	\$ 15,596
Loss allowance	\$ 10,652	\$ 862	\$ 169
	<u>61 to 90 days past due</u>	<u>Over 90 days</u>	<u>Total</u>
Expected loss rate	36.16%	100%	
Total book value	\$ 2,051	\$ 10,634	\$ 3,650,987
Loss allowance	\$ 127	\$ 10,634	\$ 22,444

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

	<u>2020</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
At January 1	\$ -	\$ 22,444	\$ 22,444
Provision for impairment	-	10,452	10,452
At December 31	\$ -	\$ 32,896	\$ 32,896

	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>

Considering the credit insurance on accounts receivable, the above mentioning amounts were not recognized as allowance for uncollectible accounts amounting to \$39,097 and \$24,235 at December 31, 2020 and 2019, respectively.

For provisioned loss in 2020 and 2019, the impairment losses arising from customers' contracts amounted to \$10,452 and \$3,434, respectively.

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

	December 31, 2020			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Group 1	\$ 590,000	\$ -	\$ -	\$ 590,000
Group 2	153,413	-	-	153,413
	<u>\$ 743,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 743,413</u>

	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>

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. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the treasury of the company. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable

securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

- iii. The Company had no undrawn borrowing facilities for fixed rate long-term borrowings.
- iv. 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. Except that the contractual undiscounted cash flows of notes payable, accounts payable, other payables and guarantee deposits received, are equal to its book value and matured within one year. The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities as follows:

<u>December 31, 2020</u>	<u>Between 1</u>			<u>Total</u>
	<u>Less than 1 year</u>	<u>and 2 years</u>	<u>Over 2 years</u>	
Lease liability	\$ 40,186	\$ 27,596	\$ 8,226	\$ 76,008
Long-term borrowings	608	607	201,242	202,457

<u>December 31, 2019</u>	<u>Between 1</u>			<u>Total</u>
	<u>Less than 1 year</u>	<u>and 2 years</u>	<u>Over 2 years</u>	
Lease liability	\$ 44,639	\$ 15,408	\$ 3,470	\$ 63,517

- v. 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 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 amortized cost (Cash in banks), notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, notes payable, accounts payable (including related parties), other payables, long-term borrowings 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, 2020 and 2019 is as follows:

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

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 529,793	\$ -	\$ -	\$ 529,793
Debt instrument	<u>15,971</u>	<u>-</u>	<u>-</u>	<u>15,971</u>
	<u>\$ 545,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,764</u>
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 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>

(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, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2020 and 2019, 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.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. OPERATING SEGMENTS

None.

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 1

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Cash on hand and revolving funds		\$ 2,647	
Check deposits		500	
Demand deposits		1,007,803	
— NTD			
— USD	USD 67,325 thousand, conversion rate at 28.508	1,919,287	
— Other foreign currencies		600,104	
Time deposits			
— NTD	Annual interest rate is 0.12%~0.79%	7,074,400	
— USD	USD 6,064 thousand, conversion rate at 28.508, annual interest rate is 0.22%~0.30%	<u>172,874</u>	
		<u>\$ 10,777,615</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 2

<u>Customers</u>	<u>Amount</u>	<u>Note</u>
<u>Non-related parties</u>		
AA Company	\$ 256,452	
Others	<u>4,164,203</u>	None of the balances of each remaining item is greater than 5% of this account balance.
	4,420,655	
Less: Allowance for bad uncollectible accounts	(<u>32,896</u>)	
	<u>\$ 4,387,759</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 3

	Amount		
Items	Cost	Net realisable value	Note
Raw materials	\$ 6,441,564	\$ 6,294,000	
Work in progress	1,377,683	1,376,561	
Finished goods and merchandise	3,498,622	4,182,588	
	11,317,869	<u>\$ 11,853,149</u>	
Less: Allowance for valuation loss on inventories	(<u>210,674</u>)		
	<u>\$ 11,107,195</u>		

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GIGA-BYTE TECHNOLOGY CO., LTD.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 4

Investee	Balance at January 1, 2020		Additions (Note 1)		Deductions (Note 2)		Other adjustments (Note 3)	Balance at December 31, 2020			Market value or net equity value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	(%)	Amount	Unit	Total		
G.B.T. Technology Trading GmbH	-	\$ 299,218	-	\$ 82,987	-	\$ -	\$ 18,263	-	100%	\$ 400,468	\$ -	\$ 400,468	None	
G.B.T. Inc.	54,116	44,294	-	-	-	(105,331)	(11,223)	54,116	48.63%	(72,260)	(1,335)	(72,260)	"	
GBT Tech. Co. Ltd	800,000	13,483	-	8,359	-	-	(32)	800,000	100%	21,810	27	21,810	"	
Giga-Byte Technology B.V.	8,500	63,713	-	23,730	-	-	(4,332)	8,500	100%	83,111	9,778	83,111	"	
Gigabyte Technology Pty. Ltd.	2,400,000	54,880	-	-	-	(120)	2,435	2,400,000	100%	57,195	24	57,195	"	
Gigabyte Technology (India) Private Limited	4,600,000	14,206	-	-	-	(3,231)	(3,185)	4,600,000	100%	7,790	2	7,790	"	
Freedom International Group Ltd.	142,671,692	5,944,077	3,400,000	414,731	-	-	64,902	146,071,692	100%	6,423,710	44	6,423,710	"	
Nippon Giga-Byte Corp.	1,000	10,436	-	904	-	-	(44)	1,000	100%	11,296	11,296	11,296	"	
Gigabyte Technology ESPANA S.L.U.	5,000	4,263	-	178	-	-	174	5,000	100%	4,615	923	4,615	"	
Gigabyte Information Technology Commerce Limited Company	8,000	2,327	-	284	-	-	(581)	8,000	100%	2,030	254	2,030	"	
G-Style Co., Ltd.	72,000,000	311,878	-	-	-	(50,760)	-	72,000,000	100%	261,118	4	261,118	"	
Giga-Byte Communication Inc.	2,145,880	22,898	-	-	-	(478)	-	2,145,880	99.86%	22,420	10	22,420	"	
BYTE International Co., Ltd.	3,000,000	87,874	28,000,000	280,157	-	(27,578)	-	31,000,000	100%	340,453	11	340,453	"	
Giga Investment Corp.	293,756,500	3,635,838	-	-	-	(151,327)	75,256	293,756,500	100%	3,559,767	12	3,559,767	"	
Gigabyte Technology LLC	168,000	34,158	-	-	-	(249)	(10)	168,000	100%	33,899	202	33,899	"	
GIGAIPC CO., LTD.	-	-	20,000,000	197,838	-	(7,008)	-	20,000,000	100%	190,830	10	190,830	"	
Myelin Tek Inc.	-	-	299,999,995	70,000	-	(2,614)	-	299,999,995	40%	67,386	-	67,386	"	
		<u>\$ 10,543,543</u>		<u>\$ 1,079,168</u>		<u>(\$ 348,696)</u>	<u>\$ 141,623</u>			<u>\$ 11,415,638</u>		<u>\$11,415,638</u>		

Note 1: Current additions include recognition of investment income of \$348,687 and additional investment of \$730,481.

Note 2: Current deductions include recognition of investment loss of \$321,118 and appropriated retained earnings of \$27,578.

Note 3: Other adjustments include exchange differences on translation of foreign operations amounting to \$66,386, unrealised gain on financial assets at fair value through other comprehensive income of \$87,222, and recognition of changes in net equity of associates accounted for using equity method of (\$11,985).

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 5

Items	Balance as of January 1, 2020	Additions	Deductions	Transferred	Balance as of December 31, 2020	Guaranteed or pledged as collateral
<u>Cost</u>						
Land	\$ 1,035,012	\$ -	\$ -	\$ -	\$ 1,035,012	None
Buildings and structures	1,615,137	6,561	(630)	452	1,621,520	"
Machinery and equipment	1,025,486	63,569	(284,455)	161,239	965,839	"
Other facilities	883,937	62,085	(64,166)	3,978	885,834	"
Unfinished construction and equipment under acceptance	119,122	-	-	(119,122)	-	"
	<u>4,678,694</u>	<u>\$ 132,215</u>	<u>(\$ 349,251)</u>	<u>\$ 46,547</u>	<u>4,508,205</u>	
<u>Accumulated depreciation</u>						
Buildings and structures	(623,192)	(50,635)	630	\$ -	(673,197)	
Machinery and equipment	(837,546)	(92,112)	281,310	(181)	(648,529)	
Other facilities	(698,011)	(120,214)	64,166	(973)	(755,032)	
	<u>(2,158,749)</u>	<u>(\$ 262,961)</u>	<u>\$ 346,106</u>	<u>(\$ 1,154)</u>	<u>(2,076,758)</u>	
	<u>\$ 2,519,945</u>				<u>\$ 2,431,447</u>	

GIGA-BYTE TECHNOLOGY CO., LTD.
SUMMARY OF ACCOUNTS PAYABLE- NON-RELATED PARTIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 6

<u>Name of suppliers</u>	<u>Amount</u>	<u>Note</u>
Third parties		
BB Company	\$ 1,373,559	
CC Company	603,971	
DD Company	496,970	
Others	<u>6,167,302</u>	None of the balances of any supplier is greater than 5% of this account balance.
	<u>\$ 8,641,802</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SALES REVENUE
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 7

<u>Items</u>	<u>Quantities</u>	<u>Amount</u>	<u>Note</u>
Computer components	18,657 thousand pieces	\$ 71,744,515	
Networking communication products	502 thousand pieces	8,676,106	
Others		<u>6,726,590</u>	None of the balances of any remaining item is greater than 5% of this account balance.
		87,147,211	
Less: sales returns and discounts		(<u>3,059,337</u>)	
		<u>\$ 84,087,874</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 8

Items	Amount
Opening balance of merchandise	\$ 185,314
Add: Purchases during the year	4,828,321
Less: Ending balance of merchandises	(782,371)
Merchandises reclassified as expenses	(3,755)
Cost of purchasing and selling	4,227,509
Raw materials at beginning of year	2,952,608
Add: Purchases in the year	65,359,402
Less: Raw materials at end of year	(6,441,564)
Raw materials reclassified as expenses	(1,863,498)
Loss on physical inventory for raw materials	(540,127)
Direct raw materials used	59,466,821
Direct labour	261,167
Manufacturing expense	1,472,026
Manufacturing cost	61,200,014
Add: Opening balance of work in progress	1,939,178
Purchases during the year	6,866
Less: Ending balance of work in progress	(1,377,683)
Work in progress reclassified for sale	(101,287)
Work in progress reclassified as expenses	(26,813)
Cost of finished goods	61,640,275
Add: Opening balance of finished goods	3,996,519
Purchases during the year	2,402,672
Less: Ending balance of finished goods	(2,716,251)
Finished goods reclassified as expenses	(299,652)
Cost of goods manufactured and sold	65,023,563
Cost of raw materials sold	1,863,498
Cost of work in progress sold	101,286
Cost of goods sold	71,215,856
Warranty cost of after-sale service	959,800
Inventory valuation gain	(32,091)
Operating costs	\$ 72,143,565

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SELLING EXPENSE
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 9

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 1,259,095	
Export expense		775,801	
Marketing service charge		472,740	
Service charge		265,760	
Advertisement expense		182,962	
Other expenses		<u>759,113</u>	None of the balances of any remaining item is greater than 5% of this account balance.
		<u>\$ 3,715,471</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.
LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION
YEARS ENDED DECEMBER 31, 2020 AND 2019

Statement 10

Items	Years ended December 31					
	2020			2019		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ 610,657	\$ 3,670,054	\$ 4,280,711	\$ 602,157	\$ 2,280,630	\$ 2,882,787
Labour and health insurance fees	66,307	130,070	196,377	64,820	128,611	193,431
Pension costs	17,225	79,097	96,322	18,697	70,438	89,135
Directors' remuneration	-	53,601	53,601	-	52,752	52,752
Other employee benefit expense	27,838	87,551	115,389	25,580	79,062	104,642
Depreciation	119,863	193,370	313,233	99,870	174,363	274,233
Amortisation	4,795	48,223	53,018	5,233	78,942	84,175

Note 1: As of December 31, 2020 and 2019, the Company had 2,696 and 2,625 employees including 3 and 4 non-employee directors, respectively

Note 2: The average employee benefit expense and the average employee salaries and wages of the Company were \$1,741 and \$1,248 as well as \$1,590 and \$1,100 for the years ended December 31, 2020 and 2019, respectively; The variation in the adjustments of the average employee salaries and wages was 44.55% for the year ended December 31, 2020.

Note 3: The Company established an audit committee, therefore, no remuneration was paid to supervisors.

GIGA-BYTE TECHNOLOGY CO., LTD.
LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION
YEARS ENDED DECEMBER 31, 2020 AND 2019

Statement 10

- Note 4: In accordance with the Articles of Incorporation of the Company, if the distributable profit of the current year has positive balance after covering accumulated losses, 3%~10% of the distributable profit should be distributed as employees' remuneration. The Company has established the management measures for appointment and salary of new employees. Employees' remuneration includes monthly salary and bonus. Salary is referenced from the peer industry, taking into consideration of employees' position, job grade, education, experience and performance. Salary will be adjusted annually based on the Consumer Price Index and average annual salary adjustment within the peer industry.
- Note 5: The Company has established policies governing the remuneration to directors and managers, which is reviewed by the remuneration committee and resolved by the Board of Directors. Managers' remuneration includes monthly salary and bonus. Remuneration paid to managers is referenced from the peer industry, and bonus is distributed based on the Company's operating performance. Annual salary adjustment of managers is assessed by the remuneration committee and approved by the Board of Directors.
- Note 6: In accordance with the Articles of Incorporation of the Company, if the distributable profit of the current year has positive balance after covering accumulated losses, no more than 3% of the distributable profit should be distributed as directors' remuneration. The Company has established policies governing the remuneration to directors and managers, which is reviewed by the remuneration committee and resolved by the Board of Directors. Remuneration of non-independent directors is based on proportional weights that calculated by board attendance rate, degree of operating participation and personal performance. Independent directors' remuneration includes salary and board conference attendance fees, depending on the content of the job. Independent directors do not participate in the distribution of earnings.

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, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
				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	-	\$ 50,792	
	Prudential Fiancial Money Market Fund	"	"	5,099,428	80,000	-	81,361	
	JIN SUN Fiancial Money Market Fund	"	"	6,800,935	100,000	-	101,674	
	CTBC Bloomberg Barclays USD Corporate 10+ Year High Grade Capped Bond ETF	"	"	1,000,000	48,361	-	47,500	
	Beneficiary certificates—Morgan Stanley Opportunistic Mortgage Income Fund LP	"	"	379,064	12,244	-	10,806	
	AB FCP I-AMER INC-A2 USD (LUX LISTING) Income Fund LP	"	"	65,232	62,764	-	60,493	
	PIMCO INVESTMENT GRADE CREDIT FUND (IRE LISTING)	"	"	85,388	60,469	-	59,663	
	MSIM GLOBAL FIXED INC OPP-A (LUX LISTING) Income Fund LP	"	"	27,337	31,567	-	29,856	
	PIMCO GLOBE INVESTMENT GRADE CREDIT FUND	"	"	67,249	29,272	-	29,716	
	PIMCO TOTAL RETURN BOND FUND	"	"	32,092	29,272	-	28,911	
	AXA IM FIIS-US CORP BD-F	"	"	6,921	29,272	-	29,021	
	Government bond—Indonesia Government International Bond 4.125%	"	"	500,000	16,298	-	15,971	
					549,519		\$ 545,764	
				Valuation adjustment of financial assets at fair value through profit or loss		(3,755)		
					\$ 545,764			

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Giga-Trend International Investment Group Ltd.	Listed stocks - Sintrones Technology Corp. etc.	None	Financial assets at fair value through profit or loss-current	Omitted	\$ 101,662	-	\$ <u>123,097</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		<u>21,435</u>			
	Unlisted stocks -Wellysun Inc. etc.	"	Financial assets at fair value through profit or loss-current	Omitted	\$ 118,916	-	\$ <u>66,725</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		<u>(52,191)</u>			
Giga Investments Corp.	Listed stocks - Walsin Technology Corporation etc.	None	Financial assets at fair value through other comprehensive income— Non current	Omitted	\$ 976,263	1.37%~ 9.44%	\$ <u>2,286,773</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		<u>1,310,510</u>			
	Unlisted stocks-Sagatek Consultant Co., Ltd. etc.	"	Financial assets at fair value through other comprehensive income— Non current	Omitted	\$ 64,948	0.11%~ 20.00%	\$ <u>62,730</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		<u>(2,218)</u>			
G-Style Co., Ltd.	Unlisted stocks - JM Material Technology Inc.	None	Financial assets at fair value through other comprehensive income— Non current	160,000	\$ 20,000	10.00%	\$ <u>2,093</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		<u>(17,907)</u>			
					\$ <u>2,093</u>			

GIGA-BYTE TECHNOLOGY CO., LTD.
Purchases or sales of goods from or to related parties reaching NTS100 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
							Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	Parent-subsiary	(Sales)	\$ 18,993,954	(23%)	45 days upon receipt of goods	The price was based on the contract price	Normal	\$ 5,408,842	41%	
	G-Style Co., Ltd.	"	"	1,788,537	(2%)	90 days upon receipt of goods	"	"	538,651	4%	
	Giga-Byte Technology B.V.	"	"	926,192	(1%)	30 days upon receipt of goods	"	"	57,774	-	
	Gigaipc Co., Ltd.	"	"	432,930	(1%)	60 days after billing	"	"	56,496	-	
	Ningbo Zhongjia Technology Co., Ltd.	Parent-indirect subsidiary	"	15,763,934	(19%)	90 days upon receipt of goods	"	"	2,062,836	16%	
	Ningbo Gigabyte Technology Co., Ltd.	"	Purchases	1,669,421	2%	60 days upon receipt of goods	"	"	(2,548,600)	(20%)	
	Dongguan Gigabyte Electronics Co.,Ltd.	"	"	1,186,097	2%	60 days upon receipt of goods	"	"	(1,630,840)	(13%)	
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	(Sales)	500,837	(25%)	60 days upon receipt of goods	The price was based on the contract price	Normal	116,354	52%	
	Ningbo Zhongjia Technology Co., Ltd.	"	"	101,466	(5%)	60 days after billing	"	"	3,474	2%	

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, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	Parent-subsiary	\$ 5,408,842	4.20	\$ -	-	\$ 920,687	\$ -
	G-Style Co., Ltd.	"	538,651	3.60	-	-	174,067	-
	Ningbo Zhongjia Technology Co., Ltd.	Parent-indirect subsidiary	2,062,836	9.00	-	-	1,121,960	-
	Dongguan Gigabyte Electronics Co., Ltd.	"	481,900	9.08	-	-	481,900	-
	Ningbo Gigabyte Technology Co., Ltd.	"	222,462	7.74	-	-	222,462	-
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	116,354	7.42	-	-	16,682	-
Ningbo Gigabyte Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-indirect subsidiary	RMB 583,643 thousand	8.37	-	-	RMB 34,203 thousand	-
Dongguan Gigabyte Electronics Co., Ltd.	Giga-Byte Technology Co., Ltd.	"	RMB 373,266 thousand	8.96	-	-	RMB 34,589 thousand	-

GIGA-BYTE TECHNOLOGY CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2020

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	\$ 926,192	Note 6	1%
	"	"	Service charge	175,380	Note 3	-
	"	"	Marketing service charge	156,625	"	-
	"	"	Accounts receivable	57,774	"	-
	"	"	Other payables	54,729	"	-
	G.B.T., Inc	Parent company to subsidiary	Sales	18,993,954	Note 7	22%
	"	"	Accounts receivable	5,408,842	"	11%
	G-Style Co., Ltd.	Parent company to subsidiary	Sales	1,788,537	Note 1	2%
	"	"	Accounts receivable	538,651	"	1%
	Gigaipc Co., Ltd.	Parent company to subsidiary	Sales	432,930	Note 2	1%
	"	"	Accounts receivable	56,496	"	-
	Ningbo Zhongjia Technology Co., Ltd.	Parent company to indirect subsidiary	Sales	15,763,934	Note 1	19%
	"	"	Accounts receivable	2,062,836	"	4%
	Ningbo Gigabyte Technology Co., Ltd.	Parent company to indirect subsidiary	Purchases	1,669,421	Note 5	2%
	"	"	Accounts receivable	222,462	Note 2	-
	"	"	Accounts payable	2,548,600	Note 5	5%
	Dongguan Gigabyte Electronics Co.,Ltd.	Parent company to indirect subsidiary	Purchases	1,186,097	Note 5	1%
	"	"	Accounts receivable	481,900	Note 2	1%
	"	"	Accounts payable	1,630,840	Note 5	3%
	Ningbo BestYield Tech. Services Co.,Ltd.	Parent company to indirect subsidiary	After-sale service fees	314,349	Note 3	-
	"	"	Other payables	71,692	"	-
Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH	Subsidiary to subsidiary	Marketing service charge	160,450	Note 4	-
G-Style Co., Ltd.	G.B.T., Inc	Subsidiary to subsidiary	Sales	500,837	Note 5	1%
	"	"	Accounts receivable	116,354	"	-
	Ningbo Zhongjia Technology Co., Ltd.	Subsidiary to indirect subsidiary	Sales	101,466	Note 2	-

AD FCF FARMER INC-A2 USD (LUX
LISTING) Income Bond FUND
FUND (IRE LISTING)

Note 1 : Credit terms were 90 days upon
Note 2 : Credit terms were 60 days after
Note 3 : Credit terms were 30 days after
Note 4 : Credit terms were 180 days upon
Note 5 : Credit terms were 60 days upon Government bond—Indonesia Government
Note 6 : Credit terms were 30 days upon receipt of goods.
Note 7 : Credit terms were 45 days upon receipt of goods.

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees
Year ended December 31, 2020

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, 2020			Investment income(loss)		Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	recognised by the Company for the year ended December 31, 2020	
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	\$ 4,720,532	\$ 4,617,682	146,071,692	100.00	\$ 6,423,710	\$ 568,675	\$ 311,881	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga Investments Corp.	Taiwan	Holding company	2,775,000	2,775,000	293,756,500	100.00	3,559,767	(151,348)	(151,327)	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	261,118	(56,980)	(50,760)	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	22,420	(478)	(478)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	BYTE International Co., Ltd.	Taiwan	Selling of PC peripherals	583,709	303,709	31,000,000	100.00	340,453	123	157	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	MyelinTek Inc.	Taiwan	Software service	70,000	-	299,999,995	40.00	67,386	(8,318)	(2,614)	Investee accounted for using equity method
Giga-Byte Technology Co., Ltd.	GIGAIPC Co., Ltd.	Taiwan	Sales of computer information products	197,838	-	20,000,000	100.00	190,830	21,106	(7,008)	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	83,111	23,669	23,730	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	21,810	8,359	8,359	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	11,296	904	904	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Marketing of computer information products	352,752	272,959	-	100.00	400,468	3,194	3,194	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	57,195	(120)	(120)	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	7,790	(3,231)	(3,231)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology ESPANA S.L.U.	Spain	Marketing of computer information products	241	241	5,000	100.00	4,615	178	178	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	(72,260)	178,809	(105,331)	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	2,030	284	284	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology LLC Company	South Korea	Marketing of computer information products	22,534	22,534	168,000	100.00	33,899	(249)	(249)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Investment	Net profit (loss) recognised by		Footnote	
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	December 31, 2020	December 31, 2020	of the investee for the year ended December 31, 2020		the Company for the year ended December 31, 2020
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	\$ 2,771	\$ 577	\$ -	-	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	3,170,142	337,526	-	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	G.B.T. LBN Inc.	Malaysia	Sales of computer information products	414,766	-	14,000,000	100.00	-	133	-	-	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	234,166	178,809	-	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	Gigabyte Trading Inc.	U.S.A.	ODM Business	-	1,623	-	-	-	(69)	-	-	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	3,386,666	159,241	-	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	Giga Advance (Labuan) Limited	Malaysia	Sales of computer information products	-	5,648	-	-	-	-	-	-	The Company's indirect subsidiary	
Freedom International Group Ltd.	LCKT Yuan Chan Technology Co., Ltd.(Cayman)	Cayman Islands	Holding company	92,775	92,775	3,000,000	30.00	10,053	(40,121)	-	-	Subsidiary's investee company accounted for under the equity method	
Freedom International Group Ltd.	Aorus Pte. Ltd.	Singapore	Marketing of computer information products	60,757	60,757	3,073,000	100.00	15,688	(2,342)	-	-	The Company's indirect subsidiary	
Giga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	399,950	599,950	45,290,000	100.00	505,628	27,880	-	-	The Company's indirect subsidiary	
Giga Investments Corp.	Giga-Trend International Management Group Ltd.	Taiwan	Venture capital management and consulting company	17,904	5,483	1,000,000	100.00	21,221	470	-	-	The Company's indirect subsidiary	
Giga Investments Corp.	Senyun Precision Optical Co., Ltd.	Taiwan	Manufacturing and selling of optical lens	1,547,410	1,053,568	324,586,585	96.41	480,327	(312,692)	-	-	The Company's indirect subsidiary	
Giga Investments Corp.	Gigazone Holdings Limited	British Virgin Islands	Holding company	-	173,928	-	-	-	-	-	-	The Company's indirect subsidiary	
Giga Investments Corp.	Selita Precision Co., Ltd.	Taiwan	Manufacturing, wholesale and retail of bicycle and parts	50,000	50,000	5,000,000	100.00	35,806	(1,616)	-	-	The Company's indirect subsidiary	
Giga Investments Corp.	GIGAIPC Co., Ltd.	Taiwan	Sales of computer information products	-	200,000	-	-	-	21,106	-	-	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	12,477	(1,914)	-	-	The Company's indirect subsidiary	

GIGA-BYTE TECHNOLOGY CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	\$ 1,180,938	Note 1	\$ 1,180,938	\$ -	\$ -	\$ 1,180,938	\$ 113,730	100.00	\$ 113,730	\$ 1,621,053	\$ -	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	202,755	100.00	202,755	1,345,784	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	181,923	Note 1	165,515	-	-	165,515	19,802	100.00	19,802	184,681	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,853	Note 3	-	-	-	-	206,458	100.00	206,458	1,220,128	-	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	158,555	100.00	158,555	3,355,472	-	The Company's indirect subsidiary
Gigazone International (Shenzhen)	Selling of PC peripherals	399,076	Note 3 and Note 4	203,761	(203,761)	-	-	-	-	-	-	The Company's indirect subsidiary
Shenzhen BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	15,841	Note 3	-	-	-	-	10,303	100.00	10,303	14,011	-	The Company's indirect subsidiary
Dongguan Senyun Precision Optical Co., Ltd.	Selling of mold and industrial plastic products	1,609	Note 2	1,609	-	-	1,609	997	96.41	860	833	-	The Company's indirect subsidiary
Zaozhuang Bestyield Resources Recycling Co., Ltd.	Recycling and selling of renewable resources	5,507	Note 3	-	-	-	-	535	100.00	535	7,571	-	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.

Note 4: The retirement of investment was approved by the Investment Commission of the Ministry of Economic Affairs on March 31, 2020.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Giga-Byte Technology Co., Ltd.	\$ 4,386,518	\$ 4,402,053	\$ 16,447,873
Senyun Precision Optical Co., Ltd.	1,609	9,974	298,936

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, 2020

Table 7

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

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the year ended December 31, 2020	Others	
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate			
Ningbo Zhongjia Technology Co., Ltd.	\$ 15,763,934	19	\$ -	-	\$ 2,062,836	16	\$ -	-	\$ -	\$ -	-	\$ -	-	
Ningbo Gigabyte Technology Co., Ltd.	19,579	-	-	-	222,462	2	-	-	-	-	-	-	-	
"	(1,669,421)	(2)	-	-	(2,548,600)	(20)	-	-	-	-	-	-	-	
Dongguan Gigabyte Electronics Co.,	7,852	-	-	-	481,900	4	-	-	-	-	-	-	-	
"	(1,186,097)	(2)	-	-	(1,630,840)	(13)	-	-	-	-	-	-	-	
Ningbo BestYield Tech. Services Co.,Ltd.	61,637	-	-	-	14,220	-	-	-	-	-	-	-	-	After-sales service costs paid at \$314,349

GIGA-BYTE TECHNOLOGY CO., LTD.
Major Shareholders Information
December 31, 2020

Table 8

Name of Major Shareholders	Shares	
	Name of shares hold	Ownership(%)
MING SHIUNG,LIU	41,168,918	6.47%

Note 1: The major shareholders' information, which means the ownership above 5%, was calculated by Taiwan Depository & Clearing Corporation on the last operating date of each quarter, using the Company's issuance of common shares (including treasury shares) and preference shares registered and held by the shareholders. The share capital on the financial statements maybe different from the actual number of shares in dematerialized form due to the difference of calculation basis.

Note 2: If the shares were kept in the trust by the shareholders, it was disclosed as a separate account set by the trustee. As for the shareholder, whose shareholding ratio was greater than 10%, is regarded as an insider in accordance with Securities and Exchange Act, their shareholding ratio included the self-owned shares and trusted shares controlled by themselves. For the information of insiders, please refer to the Market Observation Post System.