GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS’ REPORT
DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

TABLE OF CONTENTS

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, 2021 and 2020, 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, 2021 and 2020, 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 2021 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 2021 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, 2021, the parent company only operating revenue amounted to NT$121,741,896 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, 2021, the inventories and allowance for valuation loss amounted to NT$20,249,239 thousand and NT$304,360 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 $0 thousand and $10,053 thousand, representing 0% and 0.02% of total parent company only assets as of December 31, 2021 and 2020, respectively, and total net comprehensive loss were $10,053 thousand and $11,140 thousand, representing (0.08%) and (0.25%) 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 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　　　　　　　　　　　　Fang-Yu Wang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2022

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.

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 14,145,435	20	$ 10,777,615	21
1110	Financial assets at fair value through profit or loss - current	6(2)	1,131,758	1	545,764	1
1136	Financial assets at amortized cost-current	6(3)	619,516	1	590,000	1
1150	Notes receivable, net	6(4)	2,725	-	2,897	-
1170	Accounts receivable, net	6(4)	6,200,375	9	4,387,759	9
1180	Accounts receivable-related parties, net	7	12,882,184	18	8,843,389	17
1200	Other receivables	7	389,364	-	73,125	-
130X	Inventories, net	6(5)	19,944,879	28	11,107,195	21
1410	Prepayments		479,964	1	546,894	1
1470	Other current assets		270,652	-	1,483	-
11XX	**Total current assets**		56,066,852	78	36,876,121	71
	Non-current assets					
1535	Financial assets at amortized cost-non-current	6(3) and 8	151,078	-	153,413	1
1550	Investments accounted for using equity method	6(6) and 7	12,022,295	17	11,487,898	22
1600	Property, plant and equipment, net	6(7)	2,685,920	4	2,431,447	5
1755	Right-of-use assets	6(8)	79,913	-	74,109	-
1780	Intangible assets		27,438	-	24,679	-
1840	Deferred income tax assets	6(25)	847,135	1	520,795	1
1900	Other non-current assets		57,856	-	156,874	-
15XX	**Total non-current assets**		15,871,635	22	14,849,215	29
1XXX	**Total assets**		$ 71,938,487	100	$ 51,725,336	100

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GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Liabilities					
	Current liabilities					
2130	Contract liabilities - current	6(18)	$ 1,051,029	1	$ 3,847,245	7
2150	Notes payable		18,966	-	257	-
2170	Accounts payable		15,449,011	22	8,641,802	17
2180	Accounts payable-related parties	7	4,309,837	6	4,180,167	8
2200	Other payables	6(10) and 7	9,172,314	13	4,996,254	10
2230	Current income tax liabilities		2,378,159	3	709,676	1
2250	Provisions for liabilities - current	6(11)	725,193	1	776,454	2
2280	Lease liabilities-current		48,403	-	38,968	-
2300	Other current liabilities		199,635	-	143,794	-
21XX	**Total current liabilities**		33,352,547	46	23,334,617	45
	Non-current liabilities					
2540	Long-term borrowings	6(12)	200,000	1	200,000	-
2570	Deferred income tax liabilities	6(25)	-	-	35,958	-
2580	Lease liabilities-non-current		32,169	-	35,468	-
2600	Other non-current liabilities	6(6)(13)	865,787	1	724,102	2
25XX	**Total non-current liabilities**		1,097,956	2	995,528	2
2XXX	**Total liabilities**		34,450,503	48	24,330,145	47
	Equity					
	Capital stock	6(15)				
3110	Common stock		6,356,889	9	6,356,889	12
	Capital surplus	6(16)				
3200	Capital surplus		3,279,731	5	3,884,904	7
	Retained earnings	6(17)				
3310	Legal reserve		5,011,247	7	4,575,820	9
3320	Special reserve		426,354	-	426,354	1
3350	Unappropriated retained earnings		21,750,531	30	11,379,927	22
	Other equity					
3400	Other equity		729,248	1	771,297	2
3500	Treasury shares	6(14)(15)	(66,016)	-	-	-
3XXX	**Total equity**		37,487,984	52	27,395,191	53
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 71,938,487	100	$ 51,725,336	100

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

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	**Operating revenue**	6(17) and 7	$ 121,741,896	100	$ 84,087,874	100
5000	**Operating costs**	6(5)(23) and 7	(94,467,818)	(78)	(72,143,565)	(86)
5900	**Gross profit**		27,274,078	22	11,944,309	14
	Operating expenses	6(23) and 7				
6100	Selling expenses		(6,290,855)	(5)	(3,715,471)	(4)
6200	General and administrative expenses		(2,227,585)	(2)	(1,845,842)	(2)
6300	Research and development expenses		(4,045,591)	(3)	(2,261,837)	(3)
6450	Expected credit losses	6(23)	(6,683)	-	(10,452)	-
6000	**Total operating expenses**		(12,570,714)	(10)	(7,833,602)	(9)
6900	**Operating profit**		14,703,364	12	4,110,707	5
	Non-operating income and expenses					
7100	Interest revenue	6(19)	36,858	-	46,186	-
7010	Other income	6(20)	1,044,689	1	798,896	1
7020	Other gains and losses	6(21)	232,283	-	220,838	-
7050	Finance costs	6(22)	(2,168)	-	(2,049)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	(162,253)	-	27,569	-
7000	**Total non-operating income and expenses**		1,149,409	1	1,091,440	1
7900	**Profit before income tax**		15,852,773	13	5,202,147	6
7950	Income tax expense	6(25)	(2,514,813)	(2)	(827,818)	(1)
8200	**Profit for the year**		$ 13,337,960	11	$ 4,374,329	5
	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)	$ 13,534	-	($ 25,070)	-
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		94,333	-	87,222	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(2,707)	-	5,014	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		105,160	-	67,166	-
	Components of other comprehensive income (loss) that will subsequently be reclassified to profit or loss					
8361	Exchange differences arising from translation of foreign operations		(136,382)	-	66,386	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**		(136,382)	-	66,386	-
8300	**Other comprehensive income(loss) for the year, net**		($ 31,222)	-	$ 133,552	-
8500	**Total comprehensive income for the year**		$ 13,306,738	11	$ 4,507,881	5
9750	**Basic earnings per share**	6(26)	$	21.01	$	6.88
9850	**Diluted earnings per share**	6(26)	$	20.60	$	6.79

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

				Retained earnings			Other equity			
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from translation of foreign operations	Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income	Treasury shares	Total equity
Year 2020										
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 for the year		-	-	-	-	4,354,273	66,386	87,222	-	4,507,881
Appropriations of 2019 earnings:	6(17)									
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
Year 2021										
Balance at January 1, 2021		$ 6,356,889	$ 3,884,904	$ 4,575,820	$ 426,354	$ 11,379,927	($ 607,084)	$ 1,378,381	$ -	$ 27,395,191
Profit for the year		-	-	-	-	13,337,960	-	-	-	13,337,960
Other comprehensive (loss) income for the year		-	-	-	-	10,827	(136,382)	94,333	-	(31,222)
Total comprehensive income (loss) for the year		-	-	-	-	13,348,787	(136,382)	94,333	-	13,306,738
Appropriations of 2020 earnings:	6(17)									
Legal reserve		-	-	435,427	-	(435,427)	-	-	-	-
Cash dividends		-	-	-	-	(2,542,756)	-	-	-	(2,542,756)
Cash dividends from capital surplus	6(17)	-	(635,688)	-	-	-	-	-	-	(635,688)
Changes in equity of associates accounted for using equity method		-	2,281	-	-	-	-	-	-	2,281
Purchase of treasury shares	6(15)	-	-	-	-	-	-	-	(280,919)	(280,919)
Share-based payment transactions	6(14)	-	28,234	-	-	-	-	-	214,903	243,137
Balance at December 31, 2021		$ 6,356,889	$ 3,279,731	$ 5,011,247	$ 426,354	$ 21,750,531	($ 743,466)	$ 1,472,714	($ 66,016)	$ 37,487,984

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
Cash flows from operating activities			
Profit before income tax		$ 15,852,773	$ 5,202,147
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)(23)	325,548	313,233
Amortization	6(23)	52,928	53,018
Profit from lease modification	6(8)(21)	(88)	(235)
Expected credit losses	6(23)and12(2)	6,683	10,452
Net loss on valuation of financial assets at fair value through profit or loss	6(21)	12,338	1,264
Interest expense	6(22)	2,168	2,049
Interest income	6(19)	(36,858)	(46,186)
Share of profit(loss) of subsidiaries and associates accounted for using the equity method	6(6)	162,253	(27,569)
Gain on disposal of property, plant and equipment	6(21)	-	(4,101)
Share-based payments	6(14)	28,234	-
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		(598,332)	(73,811)
Notes receivable		172	98
Accounts receivable		(5,858,094)	(3,674,522)
Other receivables		(317,564)	12,999
Inventories		(8,837,684)	(2,276,341)
Prepayments		66,930	(253,520)
Other current assets		(269,169)	(571)
Net changes in liabilities relating to operating activities			
Contract liabilities		(2,796,216)	3,476,551
Notes payable		18,709	(53,835)
Accounts payable		6,936,879	3,797,099
Other payables		4,185,735	1,622,260
Provisions for liabilities		(51,261)	262,886
Other current liabilities		55,841	18,527
Other non-current liabilities		2,433	8,518
Cash generated from operations		8,944,358	8,370,410
Interest received		38,183	44,125
Dividends received		158	27,578
Interest paid		(2,168)	(2,049)
Income tax paid		(1,211,335)	(185,088)
Net cash generated from operating activities		7,769,196	8,254,976

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GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
Cash flows from investing activities			
Acquisition of financial assets at amortized cost		($ 27,181)	($ 495,373)
Acquisition of investments accounted for using equity method	6(6) and 7(2)	(740,000)	(730,481)
Proceeds from disposal of investments accounted for using equity method	6(6)	200,000	-
Acquisition of property, plant and equipment	6(27)	(530,325)	(137,936)
Proceeds from disposal of property, plant and equipment		-	7,246
Decrease (increase) in guarantee deposit paid		836	(5,056)
Acquisition of intangible assets		(56,378)	(57,999)
Decrease (increase) in other non-current assets		90,679	(49,456)
Net cash used in investing activities		(1,062,369)	(1,469,055)
Cash flows from financing activities			
Proceeds from long-term borrowings	6(28)	-	200,000
Decrease (increase) in deposit received	6(28)	(43,790)	43,308
Repayments of principal portion of lease liabilities	6(28)	(50,757)	(50,374)
Cash dividends paid	6(17)(28)	(2,542,756)	(1,398,516)
Cash dividends from capital surplus	6(17)(28)	(635,688)	-
Purchase of treasury shares	6(15)	(280,919)	-
Treasury shares sold to employees	6(14)(15)	214,903	-
Net cash used in financing activities		(3,339,007)	(1,205,582)
Net increase in cash and cash equivalents		3,367,820	5,580,339
Cash and cash equivalents at beginning of year		10,777,615	5,197,276
Cash and cash equivalents at end of year		$ 14,145,435	$ 10,777,615

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, 2021 AND 2020
(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 11, 2022.

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 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
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021(Note)

Note：Earlier application from January 1, 2021 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 3, ‘Reference to the conceptual framework’	January 1, 2022
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.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	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 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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	2～10 years
Research and development equipment	3～ 6 years
Office equipment	5～ 6 years
Other tangible operating assets	2～10 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

A. 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.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(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

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 2,500	$ 2,647
Checking accounts and demand deposits	7,243,435	3,527,694
Time deposits	6,899,500	7,247,274
	$ 14,145,435	$ 10,777,615

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

Financial assets mandatorily measured at fair value through profit or loss	December 31, 2021	December 31, 2020
Beneficiary certificates	$ 1,130,429	$ 533,221
Government bonds	16,298	16,298
	1,146,727	549,519
Valuation adjustment	(14,969)	(3,755)
	$ 1,131,758	$ 545,764

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

Financial assets mandatorily measured at fair value through profit or loss	2021	2020
Beneficiary certificates	($ 9,765)	($ 844)
Debt instruments	(486)	423
	($ 10,251)	($ 421)

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

	December 31, 2021	December 31, 2020
Current items:		
Time deposits with more than three months maturity	$ 619,516	$ 590,000
Non-current items:		
Pledged bank deposits	$ 151,078	$ 153,413

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

	2021	2020
Interest income	$ 3,231	$ 2,545

B. As at December 31, 2021 and 2020, 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 $770,594 and $743,413, respectively.

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

D. The Company deposits financial assets at amortised cost in 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.

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 2,725	$ 2,897
Accounts receivable	$ 6,234,322	$ 4,420,655
Less: Allowance for uncollectible accounts	(33,947)	(32,896)
	$ 6,200,375	$ 4,387,759

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, 2021 and 2020, and January 1, 2020, the balances of receivables (including notes receivable) from contracts with customers amounted to $6,237,047, $4,423,552, and $3,653,982, respectively.

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

D. As at December 31, 2021 and 2020, 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 $2,725 and $2,897; $6,200,375 and $4,387,759, respectively.

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

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 11,634,585	($ 167,810)	$ 11,466,775
Work in progress	2,099,320	(759)	2,098,561
Finished goods and merchandise inventories	6,515,334	(135,791)	6,379,543
	$ 20,249,239	($ 304,360)	$ 19,944,879

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
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	3,498,622	(100,376)	3,398,246

	$ 11,317,869	($ 210,674)	$ 11,107,195

The cost of inventories recognized as expense for the period:

	Year ended December 31	
	2021	2020
Cost of inventories sold	$ 93,544,979	$ 71,215,856
Cost of warranty	829,153	959,800
Gain on reversal of valuation	93,686	(32,091)
	$ 94,467,818	$ 72,143,565

For the years ended December 31, 2020, the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the sale of obsolete inventories.

(6) Investments accounted for using the equity method

	December 31, 2021	December 31, 2020
Subsidiaries		
Freedom International Group Ltd.	$ 6,160,727	$ 6,423,710
Giga Investment Co.	4,535,930	3,559,767
G.B.T. Technology Trading GmbH	368,461	400,468
BYTE International Co., Ltd.	398,503	340,453
G-Style Co., Ltd.	1,513	261,118
GIGAIPC CO., LTD.	226,919	190,830
Giga-Byte Technology B.V.	111,488	83,111
G.B.T. Inc.	(268,836)	(72,260)
Giga-Byte Communication Inc.	21,955	22,420
G.B.T. Technology LLC others	133,801	138,635
Joint ventures:		
MyelinTek Inc.	62,998	67,386
	11,753,459	11,415,638
Add：Reclassified to other liabilities, others (shown as other non-current liabilities)	268,836	72,260
	$ 12,022,295	$ 11,487,898

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2021 for more information on the Company’s subsidiary.

B. For the years ended December 31, 2021 and 2020, shares of profit from subsidiaries accounted for using equity method were ($162,253) and $27,569, respectively, based on the audited financial statements.

C. The Company participated in the capital increase raised by Giga Investment Co. with

$290,000 and $450,000 on March 24, 2021 and August 9, 2021, respectively. The share interest remains 100% after the capital increase.

D. G-Style Co., Ltd. decreased its capital on November 25, 2021 and returned capital amounting to $200,000 to the Company.

E. 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.

F. 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%.

G. 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.

H. 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.

I. 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.

J. The Company had no significant joint venture. The Company's share of operating results of individual insignificant joint venture are as follows:

	Years ended December 31	
	2021	2020
Total comprehensive loss	($ 4,388)	($ 2,614)

(Remainder of page intentionally left blank)

(7) Property, plant and equipment

	2021								
	Land			Buildings and structures			Machinery	Others	
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	Total
At January 1									
Cost	$ 926,088	$ 108,924	$ 1,035,012	$ 1,559,383	$ 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)
	$ 926,088	$ 108,924	$ 1,035,012	$ 898,116	$ 50,207	$ 948,323	$ 317,310	$ 130,802	$ 2,431,447
Opening net book amount as at January 1	$ 926,088	$ 108,924	$ 1,035,012	$ 896,116	$ 50,207	$ 948,323	$ 317,310	$ 130,802	$ 2,431,447
Additions	131,333	64,691	196,024	46,298	14,881	61,179	37,611	227,386	522,200
Reclassifications	(2,999)	2,999	-	(40,417)	40,417	-	100	8,094	8,194
Depreciation charge	-	-	-	(25,065)	(19,689)	(44,754)	(87,715)	(143,452)	(275,921)
Closing net book amount as at December 31	$ 1,054,422	$ 176,614	$ 1,231,036	$ 878,932	$ 85,816	$ 964,748	$ 267,306	$ 222,830	$ 2,685,920
At December 31									
Cost	$ 1,054,422	$ 176,614	$ 1,231,036	$ 1,565,263	$ 117,436	$ 1,682,699	$ 996,537	$ 1,009,836	$ 4,920,108
Accumulated depreciation	-	-	-	(686,331)	(31,620)	(717,951)	(729,231)	(787,006)	(2,234,188)
	$ 1,054,422	$ 176,614	$ 1,231,036	$ 878,932	$ 85,816	$ 964,748	$ 267,306	$ 222,830	$ 2,685,920

	2020								
	Land			Buildings and structures			Machinery	Others	
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	Total
At January 1									
Cost	$ 926,088	$ 108,924	$ 1,035,012	$ 1,553,000	$ 62,137	$ 1,615,137	$ 1,025,486	$ 1,003,059	$ 4,678,694
Accumulated depreciation	-	-	-	(612,478)	(10,714)	(623,192)	(837,546)	(698,011)	(2,158,749)
	$ 926,088	$ 108,924	$ 1,035,012	$ 940,522	$ 51,423	$ 991,945	$ 187,940	$ 305,048	$ 2,519,945
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	$ 926,088	$ 108,924	$ 1,035,012	$ 898,116	$ 50,207	$ 948,323	$ 317,310	$ 130,802	$ 2,431,447
At December 31									
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)
	$ 926,088	$ 108,924	$ 1,035,012	$ 898,116	$ 50,207	$ 948,323	$ 317,310	$ 130,802	$ 2,431,447

A. The significant components of buildings include main plants and renovation projects, which are depreciated over 50~55 and 3~55 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 5 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.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Buildings	$ 32,841	$ 29,269
Transportation equipment	47,072	44,840
	$ 79,913	$ 74,109

	Year ended December 31	
	2021	2020
	Depreciation charge	Depreciation charge
Buildings	$ 21,347	$ 25,946
Transportation equipment	28,280	24,326
	$ 49,627	$ 50,272

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $60,320 and $72,178, respectively.

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

	Year ended December 31	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,550	$ 1,176
Expense on short-term lease contracts	51,001	17,645
Expense on leases of low-value assets	3,671	11,665
Gain on lease modification	88	235

F. For the years ended December 31, 2021 and 2020, the Company’s total cash outflow for leases were $106,979 and $80,860, 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, 2021 and 2020, the Company recognized rent income in the amount of $17,148 and $16,176, 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:

	December 31, 2021	December 31, 2020
2021	$ -	$ 10,574
2022	10,612	8,648
2023	3,202	2,781
2024	207	-
2025	171	-
2026	86	-
	$ 14,278	$ 22,003

(10) Other payables

	December 31, 2021	December 31, 2020
Wages, salaries and bonus payable	$ 6,196,956	$ 3,301,260
Employees’ compensation and remuneration for directors and supervisors	1,813,289	629,127
Marketing payable	242,046	295,133
Shipping and freight-in payable	636,934	307,860
Royalties payable	77,264	80,093
Others	205,825	382,781
	$ 9,172,314	$ 4,996,254

(11) Provisions

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

	2021	2020
At January 1	$ 776,454	$ 513,568
Additional provisions	829,153	959,800
Used during the period	(880,414)	(696,914)
At December 31	$ 725,193	$ 776,454

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

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
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	85,000
				$ 200,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
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	85,000
				$ 200,000

(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:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	($ 812,095)	($ 835,719)
Fair value of plan assets	217,051	229,574
Net defined benefit liability	($ 595,044)	($ 606,145)

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

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 835,719)	$ 229,574	($ 606,145)
Current service cost	(4,183)	-	(4,183)
Interest (expense) income	(2,900)	804	(2,096)
Past service cost	109	-	109
	(842,693)	230,378	(612,315)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,270	3,270
Change in demographic assumptions	(5,502)	-	(5,502)
Change in financial assumptions	32,219	-	32,219
Experience adjustments	(16,453)	-	(16,453)
	10,264	3,270	13,534
Pension fund contribution	-	3,737	3,737
Paid pension	20,334	(20,334)	-
At December 31	($ 812,095)	$ 217,051	($ 595,044)

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
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)
	(811,400)	229,974	(581,426)
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	5,948	-	5,948
	(32,595)	7,525	(25,070)
Pension fund contribution	-	351	351
Paid pension	8,276	(8,276)	-
At December 31	($ 835,719)	$ 229,574	($ 606,145)

(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, 2021 and 2020 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	
	2021	2020
Discount rate	0.70%	0.35%
Future salary increases	3.00%	3.00%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 22,337)	$ 23,253	$ 22,667	($ 21,900)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 24,378)	$ 25,420	$ 24,691	($ 23,820)

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, 2022 amount to $14,447.

(f) As of December 31, 2021, 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	$	16,114
1-2 year(s)		29,949
2-5 years		120,044
Over 5 years		704,450
	$	870,557

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, 2021 and 2020 were $92,091 and $87,452, respectively.

(14) Share-based payment

A. For the year ended December 31, 2021, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2021.11.18	2,295,000 shares	2021.11.25-2021.12.3	Immediately vested

Among the share-based payment arrangements above are settled by equity.

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

Type of arrangement	Grant date	Stock price	Exercise price	Price volatility	Option life	Dividends	Interest rate	Fair value per unit
Treasury stock transferred to employees	2021.11.18	$105.59	$ 93.64	43.83%	0.04 years	-	0.34%	$ 12.3026

C. The fees incurred for share-based payment transactions are as follows:

	Years ended December 31,	
	2021	2020
Equity delivery	$ 28,234	$ -

(15) Share capital

A. As of December 31, 2021, 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.

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

	Years ended December 31,	
	2021	2020
Balance at January 1	635,688,886	635,688,886
Retired stock	(3,000,000)	-
Treasury stock transferred to employees	2,295,000	-
Balance at December 31	634,983,886	635,688,886

B. Treasury shares

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

		December 31, 2021	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	705,000	$ 66,016

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(16) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be 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.

B. The shareholders at their meeting on July 2, 2021 resolved to distribute dividends by capital surplus. Please refer to Note 6(21).

(17) 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 2020 and 2019 had been resolved by stockholders on July 2, 2021 and June 12, 2020. Details are summarized below:

	Years ended December 31			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 435,427		$ 193,924	
Cash dividends	3,178,444	$ 5.00	1,398,516	$ 2.20

Note: Cash dividends for 2020 had included allocating dividends, total amount of $635,688, through capital reserves of $1/per share.

E. As of the date of the auditors' report, the appropriation of retained earnings for 2021 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.

(18) Operating revenue

	December 31, 2021	December 31, 2020
Revenue from contracts with customers	$ 121,741,896	$ 84,087,874

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31, 2021		
Product Types	Global brand business group	Other business group	Total
Computer parts	$ 88,146,083	$ 1,764,553	$ 89,910,636
Networking communication products	-	15,016,837	15,016,837
Others	13,315,256	3,499,167	16,814,423
	$ 101,461,339	$ 20,280,557	$ 121,741,896

	Year ended December 31, 2020		
Product Types	Global brand business group	Other business group	Total
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
	$ 72,037,636	$ 12,050,238	$ 84,087,874

B. Contract liabilities

The Company has recognized unearned receipts as revenue-related contract liabilities amounting to $1,051,029, $3,847,245 and $370,694 as of December 31, 2021 and 2020 and January 1, 2020, respectively.

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

	Year ended December 31	
	2021	2020
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Unearned receipts	$ 3,847,245	$ 320,360

(19) Interest income

	Year ended December 31	
	2021	2020
Interest income from bank deposits	$ 29,153	$ 39,993
Interest income from financial assets measured at amortized cost	3,231	2,545
Interest income from financial assets at fair value through profit or loss	2,087	843
Other interest income	2,387	2,805
	$ 36,858	$ 46,186

(20) Other income

	Year ended December 31	
	2021	2020
Rent income	$ 17,148	$ 16,176
Other income, others	1,027,541	782,720
	$ 1,044,689	$ 798,896

(21) Other gains and losses

	Year ended December 31	
	2021	2020
Foreign exchange gains	$ 244,533	$ 220,442
Losses on financial assets at fair value through profit or loss	(12,338)	(1,264)
Gains on disposal of property, plant and equipment	-	4,101
Gains arising from lease modification	88	235
Other losses	-	(2,676)
	$ 232,283	$ 220,838

(22) Finance costs

	Year ended December 31	
	2021	2020
Interest expense		
Interest from borrowings	$ 600	$ 617
Interest from lease liabilities	1,550	1,176
Financial expense, others	18	256
	$ 2,168	$ 2,049

(23) Expenses by nature

	Year ended December 31	
	2021	2020
Cost of goods sold	$ 92,622,877	$ 70,367,690
Employee benefit expense	8,522,183	4,742,400
Export expense	1,654,309	775,801
Warranty cost of after-sale service	829,153	959,800
Marketing service charge	470,350	472,740
Depreciation and amortisation	378,476	366,251
Transportation expenses	414,546	276,969
Expected credit losses	6,683	10,452
Other costs and expenses	2,139,955	2,005,064
	$ 107,038,532	$ 79,977,167

(24) Employee benefit expense

	Year ended December 31	
	2021	2020
Wages and salaries	$ 8,001,940	$ 4,280,711
Labor and health insurance fees	232,796	196,377
Pension costs	98,261	96,322
Directors’ remuneration	52,602	53,601
Other personnel expenses	136,584	115,389
	$ 8,522,183	$ 4,742,400

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, 2021 and 2020, employees’ compensation was accrued at $1,766,530 and $583,127, 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 0.26% of distributable profit of current year for the year ended December 31, 2021. The employees’ compensation and directors’ remuneration resolved by the Board of Directors were $1,766,530 and $46,000, and the employees’ compensation will be distributed in the form of cash.

Employees’ compensation and directors’ remuneration of 2020 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2020 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.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the period	$ 2,904,928	$ 941,717
Tax on undistributed surplus earnings	59,786	16,177
Prior year income tax overestimation	(84,896)	(21,417)
Total current tax	2,879,818	936,477
Deferred tax:		
Origination and reversal of temporary differences	(365,005)	(108,659)
Income tax expense	$ 2,514,813	$ 827,818

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

	Year ended December 31	
	2021	2020
Remeasurement of defined benefit obligations	$ 2,707	($ 5,014)

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	$ 3,170,555	$ 1,040,429
Expenses disallowed by tax regulation	(250,822)	43,390
Effect from investment tax credits	(146,852)	(98,153)
Changes in assessment of realisation of deferred tax assets	(232,958)	(152,608)
Prior year income tax overestimation	(84,896)	(21,417)
Tax on undistributed surplus earnings	59,786	16,177
Income tax expense	$ 2,514,813	$ 827,818

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

	Year ended December 31, 2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Provision for warranty expense	$ 155,291	($ 10,252)	$ -	$ 145,039
Loss on inventory	42,135	18,737	-	60,872
Pension expense	48,529	2,701	-	51,230
Unrealized profit on intercompany sales	187,781	295,767	-	483,548
Unrealized exchange loss	-	21,350	-	21,350
Remeasurement of defined benefit obligations	32,191	-	(2,707)	29,484
Others	54,868	744	-	55,612
	520,795	329,047	(2,707)	847,135
Deferred tax liabilities				
Unrealized exchange profit	(35,958)	35,958	-	-
	$ 484,837	$ 365,005	($ 2,707)	$ 847,135

	Year ended December 31, 2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
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	51,533	3,335	-	54,868
	$ 371,164	$ 144,617	$ 5,014	$ 520,795
Deferred tax liabilities				
Unrealized exchange profit	-	(35,958)	-	(35,958)
	$ 37,164	$ 108,659	$ 5,014	$ 484,837

D. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the amounts of temporary difference unrecognized as deferred tax liabilities were $651,864 and $493,816, respectively.

E. The Company’s income tax returns through 2019 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 13,337,960	634,755	$ 21.01
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
－Employees’ compensation	-	12,624	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 13,337,960	647,379	$ 20.60

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 4,374,329	635,689	$ 6.88
Diluted earnings per share			
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	$ 4,374,329	644,213	$ 6.79

(27) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2021	2020
Purchase of property, plant and equipment	$ 522,200	$ 132,215
Add: Opening balance of payable on equipment	10,333	16,054
Less: Ending balance of payable on equipment	(2,208)	(10,333)
Cash paid during the year	$ 530,325	$ 137,936

(28) Changes in liabilities from financing activities

	2021				
	Long-term borrowings	Lease liability	Guarantee deposits received	Dividend payable	Liabilities from financing activities-gross
At January 1	$ 200,000	$ 74,436	$ 45,697	$ -	$ 320,133
Changes in cash flow from financing activities	-	(50,757)	(43,790)	(3,178,444)	(3,272,991)
Payment of interest expense on lease liabilities(Note)	-	(1,550)	-	-	(1,550)
Changes in other non-cash items	-	58,443	-	3,178,444	3,236,887
At December 31	$ 200,000	$ 80,572	$ 1,907	$ -	$ 282,479

	2020				
	Long-term borrowings	Lease liability	Guarantee deposits received	Dividend payable	Liabilities from financing activities-gross
At January 1	$ -	$ 62,190	$ 2,389	$ -	$ 64,579
Changes in cash flow from financing activities	200,000	(50,374)	43,308	(1,398,516)	(1,205,582)
Payment of interest expense on lease liabilities(Note)	-	(1,176)	-	-	(1,176)
Changes in other non-cash items	-	63,796	-	1,398,516	1,462,312
At December 31	$ 200,000	$ 74,436	$ 45,697	$ -	$ 320,133

Note: Listed under cash flows from operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
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)	"

Names of related parties	Relationship with the Company
Dongguan Gigabyte Electronics Co., Ltd. (Dongguan Gigabyte)	"
MyelinTek Inc.	The Company's joint venture

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2021	2020
Sales of goods:		
G.B.T.-USA	$ 23,903,620	$ 18,993,954
Ningbo Zhongjia	21,427,573	15,763,934
Subsidiaries	7,052,153	3,149,164
Indirect subsidiaries	101,171	91,620
	$ 52,484,517	$ 37,998,672

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	
	2021	2020
Purchases of goods：		
Dongguan Gigabyte	$ 823,486	$ 1,186,097
Ningbo Gigabyte	610,242	1,669,421
Subsidiaries	14,604	1,963
	$ 1,448,332	$ 2,857,481

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. Warranty expense

	Year ended December 31	
	2021	2020
Ningbo BestYield	$ 367,922	$ 314,349
G.B.T.-USA	91,355	71,340
G.B.T.-NL	59,303	37,582
Subsidiaries	59,298	42,181
Indirect subsidiaries	9,514	1,848
	$ 587,392	$ 467,300

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.

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

	Year ended December 31	
	2021	2020
G.B.T.-NL	$ 162,538	$ 156,625
G.B.T.-AU	108,025	83,934
G.B.T.-Japan	38,190	34,939
Subsidiaries	68,223	53,890
	$ 376,976	$ 329,388

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.

E. Professional service fees (Shown as "Selling expenses")

	Year ended December 31	
	2021	2020
G.B.T.-NL	$ 183,814	$ 175,380
Subsidiaries	-	7,450
Indirect subsidiaries	7,064	5,554
	$ 190,878	$ 188,384

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.

F. Accounts receivable

	December 31, 2021	December 31, 2020
G.B.T.-USA	$ 7,969,037	$ 5,408,842
Ningbo Zhongjia	3,222,328	2,062,836
Subsidiaries	1,104,844	653,115
Indirect subsidiaries	585,975	718,596
	$ 12,882,184	$ 8,843,389

G. Other receivables

	December 31, 2021	December 31, 2020
G-Style Co., Ltd.	$ 201,965	$ 807
Subsidiaries	1,711	1,437
Indirect subsidiaries	249	-
	$ 203,925	$ 2,244

H. Accounts payable

	December 31, 2021	December 31, 2020
Dongguan Gigabyte	$ 2,430,588	$ 1,630,840
Ningbo Gigabyte	1,873,743	2,548,600
Subsidiaries	5,506	727
	$ 4,309,837	$ 4,180,167

I. Other payables

	December 31, 2021	December 31, 2020
G.B.T. -NL	$ 60,224	$ 54,729
Ningbo BestYield	36,854	71,692
Subsidiaries	54,456	42,903
Indirect subsidiaries	5,895	765
Other related parties	-	122
	$ 157,429	$ 170,211

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

			Years ended December 31	
			2021	2020
	No. of shares	Objects	Consideration	Consideration
Giga Investment	74,000,000	Stock	$ 740,000	$ -
BYTE International	28,000,000	"	-	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
			$ 740,000	$ 730,481

(3) Key management compensation

	Years ended December 31	
	2021	2020
Salaries and other short-term employee benefits	$ 1,203,980	$ 454,251
Post-retirement benefits	1,490	1,343
Total	$ 1,205,470	$ 455,594

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2021	December 31, 2020	Purpose
Pledged assets - non-current (accounted for as "Financial assets at amortized cost - non-current")			
- Demand deposits	$ 89,828	$ 92,229	Repatriated offshore funds
- Time deposits	61,250	61,184	Guarantee for the customs duties
	$ 151,078	$ 153,413	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The establishment of Giga Computing Technology Co., Ltd. ('Giga C.T.') was resolved at the interim meeting of the Board of Directors on March 3, 2022 and the investment amount was $1,000. In addition, on March 11, 2022, the Board of Directors of the Company resolved to divest the operations related to the networking communication business group to the Company's wholly-owned investee, Giga C.T., through surviving spin-off method. Giga C.T. shall issue 83,360 thousand shares at NT$10 (in dollars) per share (tentative) to the Company as consideration. However, the actual business value divested shall be based on the actual book value of the assets and liabilities on the spin-off date, which is tentatively set on January 1, 2023. The spin-off is pending receipt of resolution from the 2022 shareholders' meeting and approval or permission from related regulatory authority.

(2) As the situation of the Russia-Ukraine war continues to develop and change, the Group will negotiate with its Russian customers to pay in advance for products. As of the financial report date, most of the accounts receivable due from the Russian customers amounting to $864,956 were not past due. The Group has actively accelerated the collection of overdue portion.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,131,758	$ 545,764
Financial assets at amortized cost		
Cash and cash equivalents	14,145,435	10,777,615
Financial assets at amortized cost	770,594	743,413
Notes receivable	2,725	2,897
Accounts receivable (including related parties)	19,082,559	13,231,148
Other receivables	389,364	73,125
Guarantee deposits paid	29,536	30,372
	$ 35,551,971	$ 25,404,334

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at amortized cost		
Notes payable	$ 18,966	$ 257
Accounts payable (including related parties)	19,758,848	12,821,969
Other payables	9,172,314	4,996,254
Long-term borrowings	200,000	200,000
Guarantee deposits received	1,907	45,697
Lease liabilities	80,572	74,436
	$ 29,232,607	$ 18,138,613

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:

	December 31, 2021			
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$	825,435	27.690	$ 22,856,295
RMB:NTD		250,588	4.347	1,089,306
Non-monetary items				
USD:NTD	$	13,294	27.690	$ 368,111
Investments accounted for using equity method				
USD:NTD	$	216,807	27,690	$ 6,003,379
Financial liabilities				
Monetary items				
USD:NTD	$	605,565	27.690	$ 16,768,095
RMB:NTD		582,198	4.347	2,530,815

	December 31, 2020			
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$	680,031	28.508	$ 19,386,324
RMB:NTD		129,421	4.382	567,123
Non-monetary items				
USD:NTD	$	8,716	28.508	$ 248,476
Investments accounted for using equity method				
USD:NTD	$	225,711	28.508	$ 6,434,561
Financial liabilities				
Monetary items				
USD:NTD	$	395,665	28.508	$ 11,279,618
RMB:NTD		290,238	4.382	1,271,823

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, 2021 and 2020 amounted to $244,533 and $220,442, respectively.

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

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 228,563	$ -
RMB:NTD	1%	10,893	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 167,681	-
RMB:NTD	1%	25,308	-

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 193,863	$ -
RMB:NTD	1%	5,671	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 112,796	$ -
RMB:NTD	1%	12,718	-

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, 2021 and 2020 would have increased/decreased by $11,169 and $5,298, 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, 2021 and 2020, if market interest rates had increased/decreased by 1 % with all other variables held constant, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $149 and $160, respectively.

iii. As December 31, 2021 and 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, 2021 and 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, 2021 and 2020, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31 to 60 days past due
December 31, 2021			
Expected loss rate	1.87%	2.60%	13.43%
Total book value	$ 5,303,812	$ 871,873	$ 29,982
Loss allowance	$ 21,634	$ 6,743	$ 2,498

	61 to 90 days past due	Over 90 days	Total
Expected loss rate	49.07%	100%	
Total book value	$ 3,034	$ 25,621	$ 6,234,322
Loss allowance	$ 441	$ 2,631	$ 33,947

	Not past due	Up to 30 days past due	31 to 60 days past due
December 31, 2020			
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

	61 to 90 days past due	Over 90 days	Total
Expected loss rate	27.08%	100%	
Total book value	$ 4,209	$ 7,804	$ 4,420,655
Loss allowance	$ 1,129	$ 7,804	$ 32,896

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

	2021		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 32,896	$ 32,896
Provision for impairment	-	6,683	6,683
Write-offs	-	(5,632)	(5,632)
At December 31	$ -	$ 33,947	$ 33,947

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

Considering the credit insurance on accounts receivable, the above mentioning amounts were not recognized as allowance for uncollectible accounts amounting to $82,791 and $39,097 at December 31, 2021 and 2020, respectively.

For provisioned loss in 2021 and 2020, the impairment losses arising from customers' contracts amounted to $6,683 and $10,452, respectively.

(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:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Lease liability	$ 49,576	$ 23,780	$ 8,641	$ 81,997
Long-term borrowings	607	92,273	108,968	201,848

December 31, 2021	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Lease liability	$ 40,186	$ 27,596	$ 8,226	$ 76,008
Long-term borrowings	608	607	201,242	202,457

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, 2021 and 2020 is as follows:

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

December 31, 2021	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 1,116,854	$ -	$ -	$ 1,116,854
Debt instrument	14,904	-	-	14,904
	$ 1,131,758	$ -	$ -	$ 1,131,758

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

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

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

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

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments.

Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2021 and 2020, 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: Please refer to table 2.

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 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. OPERATING SEGMENTS

None.

GIGA-BYTE TECHNOLOGY CO., LTD.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2021

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, 2021 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Giga-Byte Technology Co., Ltd.	Beneficiary certificates-CTBC Hwa-Win Money Market Fund	None	Financial assets at fair value through profit or loss-current	9,073,765	$ 100,000	-	$ 100,965	
	Prudential Fiancial Money Market Fund	〃	〃	12,612,905	200,000	-	201,701	
	JIN SUN Fiancial Money Market Fund	〃	〃	13,488,780	200,000	-	202,158	
	CTBC Bloomberg Barclays USD Corporate 10+ Year High Grade Capped Bond ETF	〃	〃	1,000,000	48,361	-	43,620	
	Franklin Templeton Sinoam Money Market Fund	〃	〃	19,161,402	200,000	-	200,308	
	Beneficiary certificates－Morgan Stanley Opportunistic Mortgage Income Fund LP	〃	〃	18,658	592	-	517	
	AB FCP I-AMER INC-A2 USD (LUX LISTING) Income Fund LP	〃	〃	65,232	62,764	-	58,503	
	PIMCO INVESTMENT GRADE CREDIT FUND (IRE LISTING)	〃	〃	85,388	60,469	-	56,911	
	MSIM GLOBAL FIXED INC OPP-A (LUX LISTING) Income Fund LP	〃	〃	27,337	31,567	-	28,841	
	PIMCO GLOBE INVESTMENT GRADE CREDIT FUND	〃	〃	67,249	29,272	-	29,310	
	PIMCO TOTAL RETURN BOND FUND	〃	〃	32,092	29,272	-	27,592	
	AXA IM FIIS-US CORP BD-F	〃	〃	6,921	29,272	-	27,770	
	TEAM LIQUIDITY FUND CLASS USD 92 A3	〃	〃	47,660	138,860	-	138,658	
	Government bond－Indonesia Government International Bond 4.125%	〃	〃	500,000	16,298	-	14,904	
					1,146,727		$ 1,131,758	
			Valuation adjustment of financial assets at fair value through profit or loss		(14,969)			
					$ 1,131,758			

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Giga-Trend International Investment Group Ltd.	Listed stocks - Sintrones Technology Corp. etc.	None	Financial assets at fair value through profit or loss-current	Omitted	$ 94,118	-	$ 112,398	
			Valuation adjustment of financial assets at fair value through profit or loss		18,280			
					$ 112,398			
	Unlisted stocks -Castec International Crop. etc.	〃	Financial assets at fair value through profit or loss-current	Omitted	$ 87,436	-	$ 138,340	
			Valuation adjustment of financial assets at fair value through profit or loss		50,904			
					$ 138,340			
Giga Investments Corp.	Unlisted stocks -Taiwan Truewin Technology Co., Ltd. etc.	None	Financial assets at fair value through profit or loss-current	Omitted	$ 36,324	-	$ 68,000	
			Valuation adjustment of financial assets at fair value through profit or loss		$ 31,676			
					$ 68,000			
	Listed stocks - Walsin Technology Corporation etc.	〃	Financial assets at fair value through other comprehensive income－Non current	Omitted	$ 936,387	1.37%~ 9.44%	$ 2,427,451	
			Valuation adjustment of financial assets at fair value through other comprehensive income		1,491,064			
					$ 2,427,451			
	Unlisted stocks - Sagatek Consultant Co., Ltd. etc.	〃	Financial assets at fair value through other comprehensive income－Non current	Omitted	$ 51,711	0.11%~ 16.25%	$ 63,764	
			Valuation adjustment of financial assets at fair value through other comprehensive income		12,053			
					$ 63,764			
G-Style Co., Ltd.	Unlisted stocks - JM Material Technology Inc.	None	Financial assets at fair value through other comprehensive income－Non current	160,000	$ 20,000	10.00%	$ 2,093	
			Valuation adjustment of financial assets at fair value through other comprehensive income		(17,907)			
					$ 2,093			
Freedom International Group Ltd.	Unlisted stocks - Graid Technology Inc.	None	Financial assets at fair value through other comprehensive income－Non current	1,280,000	22,152	10.67%	$ 22,152	
			Valuation adjustment of financial assets at fair value through other comprehensive income		-			
					$ 22,152			

GIGA-BYTE TECHNOLOGY CO., LTD.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2021		Addition		Disposal				Balance as at December 31, 2021	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Giga Investment Corp.	Wellysun Inc.	Investments accounted for using equity method	None	None	-	$ -	11,200	$ 392,000	-	$ -	$ -	$ -	11,200	$ 392,000

GIGA-BYTE TECHNOLOGY CO., LTD.
Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	Parent-subsidiary	(Sales)	$ 23,903,620	(20%)	45 days upon receipt of goods	The price was based on the contract price	Normal	$ 7,969,037	42%	
	G-Style Co., Ltd.	〃	〃	5,023,762	(4%)	90 days upon receipt of goods	〃	〃	932,540	5%	
	Giga-Byte Technology B.V.	〃	〃	1,359,963	(1%)	30 days upon receipt of goods	〃	〃	41,024	-	
	Gigaipc Co., Ltd.	〃	〃	666,638	(1%)	60 days after billing	〃	〃	130,907	1%	
	Ningbo Zhongjia Technology Co., Ltd.	Parent-indirect subsidary	〃	21,427,573	(18%)	90 days upon receipt of goods	〃	〃	3,222,328	17%	
	Dongguan Gigabyte Electronics Co.,Ltd.	〃	Purchases	823,486	1%	60 days upon receipt of goods	〃	〃	(2,430,588)	(12%)	
	Ningbo Gigabyte Technology Co., Ltd.	〃	〃	610,242	1%	60 days upon receipt of goods	〃	〃	(1,873,743)	(9%)	
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	(Sales)	2,674,179	(51%)	60 days upon receipt of goods	The price was based on the contract price	Normal	526,692	61%	
	Ningbo Zhongjia Technology Co., Ltd.	〃	〃	113,852	(2%)	60 days after billing	〃	〃	-	-	

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, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	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-subsidiary	$ 7,969,037	3.57	$ -	-	$ 1,969,937	$ -
	G-Style Co., Ltd.	〃	932,540	6.83	-	-	278,360	-
	Gigaipc Co., Ltd.	〃	130,907	7.11	-	-	52,803	-
	Giga-Byte Technology B.V.	〃	41,024	27.53	-	-	41,024	-
	Ningbo Zhongjia Technology Co., Ltd.	Parent-indirect subsidary	3,222,328	8.11	-	-	2,377,661	-
	Dongguan Gigabyte Electronics Co., Ltd.	〃	1,111,361	5.77	-	-	1,111,361	-
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	526,692	8.32	-	-	85,091	-
Ningbo Gigabyte Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-indirect subsidary	RMB 432,752 thousand	5.45	-	-	RMB 124,351 thousand	-
Dongguan Gigabyte Electronics Co., Ltd.	Giga-Byte Technology Co., Ltd.	〃	RMB 559,650 thousand	6.97	-	-	RMB 303,229 thousand	-
								-

GIGA-BYTE TECHNOLOGY CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction			
Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to subsidiary	Sales	$ 1,359,963	Note 6	1%
	〃	〃	Service charge	183,814	Note 3	-
	〃	〃	Marketing service charge	162,538	〃	-
	G.B.T., Inc	Parent company to subsidiary	Sales	23,903,620	Note 7	20%
	〃	〃	Accounts receivable	7,969,037	〃	12%
	Gigabyte Technology Pty. Ltd.	〃	Marketing service charge	108,025	Note 2	-
	G-Style Co., Ltd.	Parent company to subsidiary	Sales	5,023,762	Note 1	4%
	〃	〃	Accounts receivable	932,540	〃	1%
	Gigaipc Co., Ltd.	Parent company to subsidiary	Sales	666,638	Note 2	1%
	〃	〃	Accounts receivable	130,907	〃	-
	Ningbo Zhongjia Technology Co., Ltd.	Parent company to indirect subsidiary	Sales	21,427,573	Note 1	18%
	〃	〃	Accounts receivable	3,222,328	〃	5%
	Ningbo Gigabyte Technology Co., Ltd.	Parent company to indirect subsidiary	Purchases	610,242	Note 5	1%
	〃	〃	Accounts payable	1,873,743	Note 5	3%
	Dongguan Gigabyte Electronics Co.,Ltd.	Parent company to indirect subsidiary	Purchases	823,486	Note 5	1%
	〃	〃	Accounts receivable	1,111,361	Note 2	2%
	〃	〃	Accounts payable	2,430,588	Note 5	4%
	Ningbo BestYield Tech. Services Co.,Ltd.	Parent company to indirect subsidiary	After-sale service fees	367,922	Note 3	-
Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH	Subsidiary to subsidiary	Marketing service charge	167,160	Note 4	-
G-Style Co., Ltd.	G.B.T., Inc	Subsidiary to subsidiary	Sales	2,674,179	Note 5	2%
	〃	〃	Accounts receivable	526,692	〃	-
	Ningbo Zhongjia Technology Co., Ltd.	〃	Sales	113,852	Note 2	-

Note 1 : Credit terms were 90 days upon receipt of goods.
Note 2 : Credit terms were 60 days after billing.
Note 3 : Credit terms were 30 days after billing.
Note 4 : Credit terms were 180 days upon receipt of goods.
Note 5 : Credit terms were 60 days upon receipt of goods.
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, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income(loss) recognised by the Company for the year ended December 31, 2021	Footnote
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	$ 4,720,532	$ 4,720,532	146,071,692	100.00	$ 6,160,727	$ 623,129	($ 163,898)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga Investments Corp.	Taiwan	Holding company	2,815,000	2,775,000	297,756,500	100.00	4,535,930	139,567	139,567	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	Taiwan	Manufacturing and selling of notebooks	310,000	910,000	12,000,000	100.00	1,513	(32,505)	(59,605)	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	21,955	(465)	(465)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	BYTE International Co., Ltd.	Taiwan	Selling of PC peripherals	583,709	583,709	31,000,000	100.00	398,503	27,121	27,119	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	MyelinTek Inc.	Taiwan	Software service	70,000	70,000	299,999,995	40.00	62,998	(10,973)	(4,388)	Investee accounted for using equity method
Giga-Byte Technology Co., Ltd.	GIGAIPC Co., Ltd.	Taiwan	Sales of computer information products	197,838	197,838	20,000,000	100.00	226,919	35,998	36,089	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	111,488	31,291	31,077	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	23,801	2,980	2,980	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	11,443	1,715	1,715	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Marketing of computer information products	352,752	352,752	-	100.00	368,461	11,136	11,136	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	53,636	1,391	1,391	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	7,827	2,107	2,107	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	4,379	268	268	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	(268,836)	235,378	(189,101)	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	1,368	336	336	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	31,347	1,419	1,419	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income(loss) recognised by the Company for the year ended December 31, 2021	Footnote
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	$ 2,765	$ 307	$ -	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	3,457,451	348,890	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. LBN Inc.	Malaysia	Sales of computer information products	414,766	414,766	14,000,000	100.00	-	-	-	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	347,184	235,378	-	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	3,543,599	183,122	-	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	-	(95,059)	-	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	12,424	(2,463)	-	The Company's indirect subsidiary
Giga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	399,950	399,950	45,290,000	100.00	597,415	116,575	-	The Company's indirect subsidiary
Giga Investments Corp.	Giga-Trend International Management Group Ltd.	Taiwan	Venture capital management and consulting company	17,904	17,904	1,000,000	100.00	20,847	97	-	The Company's indirect subsidiary
Giga Investments Corp.	Senyun Precision Optical Co., Ltd.	Taiwan	Manufacturing and selling of optical lens	1,547,410	1,547,410	324,586,585	96.41	404,809	(78,309)	-	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	33,898	(1,909)	-	The Company's indirect subsidiary
Giga Investments Corp.	Wellysun Inc.	Taiwan	Electronic parts and components manufacturing	392,000	-	11,200,000	25.11	393,893	13,436	-	Subsidiary's investee company accounted for under the equity method
Giga-Trend International Investment Group Ltd.	Wellysun Inc.	Taiwan	Electronic parts and components manufacturing	51,480	-	1,716,000	3.85	60,350	13,436	-	Subsidiary's investee company accounted for under the equity method
Ningbo BestYield Tech. Services Co.,Ltd.	OGS Europe B.V.	Netherlands	Selling of communications	12,443	12,443	3,000	100.00	26,048	15,621	-	The Company's indirect subsidiary
Selita Precision Co., Ltd.	P.R.C.E. Ltd.	Taiwan	Retail Sale of Electrical Appliances	1,230	-	122,990	49.00	1,178	(139)	-	Subsidiary's investee company accounted for under the equity method

GIGA-BYTE TECHNOLOGY CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2021

Table 7

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, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	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	$ 109,467	100.00	$ 109,467	$ 1,717,782	$ -	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	229,422	100.00	229,422	1,564,832	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	181,923	Note 2	165,515	-	-	165,515	31,012	100.00	31,012	212,357	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,853	Note 3	-	-	-	-	233,661	100.00	233,661	466,360	-	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	181,720	100.00	181,720	3,511,913	-	The Company's indirect subsidiary
Shenzhen BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	15,841	Note 3	-	-	-	-	573	100.00	573	14,473	-	The Company's indirect subsidiary
Dongguan Senyun Precision Optical Co., Ltd	Selling of mold and industrial plastic products	4,539	Note 2	1,609	2,930	-	4,539	(5,313)	96.41	(5,122)	(1,514)	-	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	8,061	-	The Company's indirect subsidiary

Note 1: Invested by Charleston Investments Limited and Giga Future Limited., which are subsidiaries of Freedom International Group Ltd.

Note 2: Directly invest in a company in Mainland China.

Note 3: Others.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	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	$ 22,501,860
Senyun Precision Optical Co., Ltd.	4,539	9,974	251,936

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, 2021

Table 8

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

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	Others
Ningbo Zhongjia Technology Co., Ltd.	$ 21,427,573	18	$ -	-	$ 3,222,328	17	$ -	-	$ -	$ -	-	$ -	
Ningbo Gigabyte Technology Co., Ltd.	15,398	-	-	-	-	-	-	-	-	-	-	-	
〃	(610,242)	(1)	-	-	(1,873,743)	9	-	-	-	-	-	-	
Dongguan Gigabyte Electronics Co.,	9,808	-	-	-	1,111,361	2	-	-	-	-	-	-	
〃	(823,486)	(1)	-	-	(2,430,588)	4	-	-	-	-	-	-	
Ningbo BestYield Tech. Services Co.,Ltd.	70,444	-	-	-	-	-	-	-	-	-	-	-	After-sales service costs paid at $367,922

GIGA-BYTE TECHNOLOGY CO., LTD.
Major Shareholders Information
December 31, 2021

Table 9

Name of Major Shareholders	Shares	
	Name of shares hold	Ownership(%)
MING WEI GLOBAL CO., LTD	42,583,497	6.69%

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 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.

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Statement 1

Items	Description	Amount	Note
Cash on hand and revolving funds		$ 2,500	
Check deposits		500	
Demand deposits			
—NTD		1,232,444	
—USD	USD 174,156 thousand, conversion rate at 27.69	4,822,379	
—RMB	RMB 249,553 thousand, conversion rate at 4.347	1,084,806	
—Other foreign currencies		103,306	
Time deposits			
—NTD	Annual interest rate is 0.12%~0.79%	6,899,500	
		$ 14,145,435	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Statement 2

Customers	Amount	Note
Non-related parties		
EE Company	$ 328,027	
FF Company	319,470	
Others	5,586,825	None of the balances of each remaining item is greater than 5% of this account balance.
	6,234,322	
Less: Allowance for bad uncollectible accounts	(33,947)	
	$ 6,200,375	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Statement 3

Items	Amount		Note
	Cost	Net realisable value	
Raw materials	$ 11,634,585	$ 11,438,245	
Work in progress	2,099,320	2,098,576	
Finished goods and merchandise	6,515,334	7,939,332	
	20,249,239	$ 21,476,153	
Less: Allowance for valuation loss on inventories	(304,360)		
	$ 19,944,879		

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GIGA-BYTE TECHNOLOGY CO., LTD.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Statement 4

	Balance at January 1, 2021		Additions (Note 1)		Deductions (Note 2)		Other adjustments (Note 3)	Balance at December 31, 2021			Market value or net equity value			
Investee	Shares	Amount	Shares	Amount	Share	Amount	Amount	Shares	Ownership (%)	Amount	Unit	Total	Collateral	Note
G.B.T. Technology Trading GmbH	-	$ 400,468	-	$ 11,136	-	$ -	($ 43,143)	-	100%	$ 368,461	$ -	$ 368,461	None	
G.B.T. Inc.	54,116	(72,260)	-	-	-	(189,101)	(7,475)	54,116	48.63%	(268,836)	(4,968)	(268,836)	〃	
GBT Tech. Co. Ltd	800,000	21,810	-	2,980	-	-	(989)	800,000	100%	23,801	30	23,801	〃	
Giga-Byte Technology B.V.	8,500	83,111	-	31,077	-	-	(2,700)	8,500	100%	111,488	13,116	111,488	〃	
Gigabyte Technology Pty. Ltd.	2,400,000	57,195	-	1,391	-	-	(4,950)	2,400,000	100%	53,636	22	53,636	〃	
Gigabyte Technology (India) Private Limited	4,600,000	7,790	-	2,107	-	-	(2,070)	4,600,000	100%	7,827	2	7,827	〃	
Freedom International Group Ltd.	146,071,692	6,423,710	-	-	-	(163,898)	(99,085)	146,071,692	100%	6,160,727	42	6,160,727	〃	
Nippon Giga-Byte Corp.	1,000	11,296	-	1,715	-	-	(1,568)	1,000	100%	11,443	11,443	11,443	〃	
Gigabyte Technology ESPANA S.L.U.	5,000	4,615	-	268	-	-	(504)	5,000	100%	4,379	876	4,379	〃	
Gigabyte Information Technology Commerce Limited Company	8,000	2,030	-	336	-	-	(998)	8,000	100%	1,368	171	1,368	〃	
G-Style Co., Ltd.	72,000,000	261,118	-	-	(60,000,000)	(259,605)	-	12,000,000	100%	1,513	-	1,513	〃	
Giga-Byte Communication Inc.	2,145,880	22,420	-	-	-	(465)	-	2,145,880	99.86%	21,955	10	21,955	〃	
BYTE International Co., Ltd.	31,000,000	340,453	-	27,119	-	(158)	31,089	31,000,000	100%	398,503	13	398,503	〃	
Giga Investment Corp.	293,756,500	3,559,767	74,000,000	879,567	(70,000,000)	-	96,596	297,756,500	100%	4,535,930	15	4,535,930	〃	
Gigabyte Technology LLC	168,000	33,899	-	1,419	-	-	(3,971)	168,000	100%	31,347	187	31,347	〃	
GIGAIPC CO., LTD.	20,000,000	190,830	-	36,089	-	-	-	20,000,000	100%	226,919	11	226,919	〃	
Myelin Tek Inc.	299,999,995	67,386	-	-	-	(4,388)	-	299,999,995	40%	62,998	-	62,998	〃	
		$ 11,415,638		$ 995,204		($ 617,615)	($ 39,768)			$ 11,753,459		$11,753,459		
Add: reversal of other liabilities (named other non-current liabilities in table)		72,260								268,836				
		$ 11,487,898								$ 12,022,295				

Note 1: Current additions include recognition of investment income of $255,204 and additional investment of $740,000.

Note 2: Current deductions include recognition of investment loss of $417,457, reduction payments for investments $200,000 and appropriated retained earnings of $158.

Note 3: Other adjustments include exchange differences on translation of foreign operations amounting to ($136,382), unrealised gain on financial assets at fair value through other comprehensive income of $94,333, and recognition of changes in net equity of associates accounted for using equity method of $2,281.

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Statement 5

Items	Balance as of January 1, 2021	Additions	Deductions	Transferred	Balance as of December 31, 2021	Guaranteed or pledged as collateral
Cost						
Land	$ 1,035,012	$ 196,024	$ -	$ -	$ 1,231,036	None
Buildings and structures	1,621,520	61,179	-	-	1,682,699	〃
Machinery and equipment	965,839	37,611	(7,013)	100	996,537	〃
Other facilities	885,834	227,386	(111,471)	8,087	1,009,836	〃
	4,508,205	$ 522,200	($ 118,484)	$ 8,187	4,920,108	
Accumulated depreciation						
Buildings and structures	(673,197)	(44,754)	-	-	(717,951)	
Machinery and equipment	(648,529)	(87,715)	7,013	-	(729,231)	
Other facilities	(755,032)	(143,452)	111,471	7	(787,006)	
	(2,076,758)	($ 275,921)	$ 118,484	$ 7	(2,234,188)	
	$ 2,431,447				$ 2,685,920	

GIGA-BYTE TECHNOLOGY CO., LTD.
SUMMARY OF ACCOUNTS PAYABLE- NON-RELATED PARTIES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Statement 6

Name of suppliers	Amount	Note
Third parties		
BB Company	$ 3,424,324	
CC Company	1,112,665	
Others	10,912,022	None of the balances of any supplier is greater than 5% of this account balance.
	$ 15,449,011	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SALES REVENUE
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Statement 7

Items	Quantities	Amount	Note
Computer components	16,929 thousand pieces	$ 92,174,222	
Networking communication products	666 thousand pieces	15,214,573	
Others		16,961,558	None of the balances of any remaining item is greater than 5% of this account balance.
		124,350,353	
Less: sales returns and discounts		(2,608,457)	
		$ 121,741,896	

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GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Statement 8

Items	Amount
Opening balance of merchandise	$ 782,371
Add: Purchases during the year	8,508,188
Less: Ending balance of merchandises	(1,105,873)
Merchandises reclassified as expenses	(26,765)
Cost of purchasing and selling	8,157,921
Raw materials at beginning of year	6,441,564
Add: Purchases in the year	91,306,760
Less: Raw materials at end of year	(11,634,585)
Raw materials reclassified as expenses	(1,222,428)
Loss on physical inventory for raw materials	(545,304)
Direct raw materials used	84,346,007
Direct labour	288,308
Manufacturing expense	1,775,801
Manufacturing cost	86,410,116
Add: Opening balance of work in progress	1,377,683
Purchases during the year	11,955
Less: Ending balance of work in progress	(2,099,320)
Work in progress reclassified for sale	(97,806)
Work in progress reclassified as expenses	(41,024)
Cost of finished goods	85,561,604
Add: Opening balance of finished goods	2,716,251
Purchases during the year	1,513,661
Less: Ending balance of finished goods	(5,409,461)
Finished goods reclassified as expenses	(315,231)
Cost of goods manufactured and sold	84,066,824
Cost of raw materials sold	1,222,428
Cost of work in progress sold	97,806
Cost of goods sold	93,544,979
Warranty cost of after-sale service	829,153
Inventory valuation gain	93,686
Operating costs	$ 94,467,818

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SELLING EXPENSE
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Statement 9

Items	Description	Amount	Note
Wages and salaries		$ 2,748,881	
Export expense		1,654,309	
Marketing service charge		470,350	
Other expenses		1,417,315	None of the balances of any remaining item is greater than 5% of this account balance.
		$ 6,290,855	

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GIGA-BYTE TECHNOLOGY CO., LTD.
LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION
YEARS ENDED DECEMBER 31, 2021 AND 2020

Statement 10

	Years ended December 31					
	2021			2020		
Items	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	$ 671,571	$ 7,330,369	$ 8,001,940	$ 610,657	$ 3,670,054	$ 4,280,711
Labour and health insurance fees	73,444	159,352	232,796	66,307	130,070	196,377
Pension costs	20,036	78,225	98,261	17,225	79,097	96,322
Directors' remuneration	-	52,602	52,602	-	53,601	53,601
Other employee benefit expense	34,204	102,380	136,584	27,838	87,551	115,389
Depreciation	112,248	213,300	325,548	119,863	193,370	313,233
Amortisation	2,362	50,566	52,928	4,795	48,223	53,018

Note 1: As of December 31, 2021 and 2020, the Company had 2,721 and 2,696 employees including 4 and 3 non-employee directors, respectively.

Note 2: The average employee benefit expense and the average employee salaries and wages of the Company were $3,117 and $1,741 as well as $2,945 and $1,590 for the years ended December 31, 2021 and 2020, respectively; The variation in the adjustments of the average employee salaries and wages was 85.22% for the year ended December 31, 2021.

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

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.