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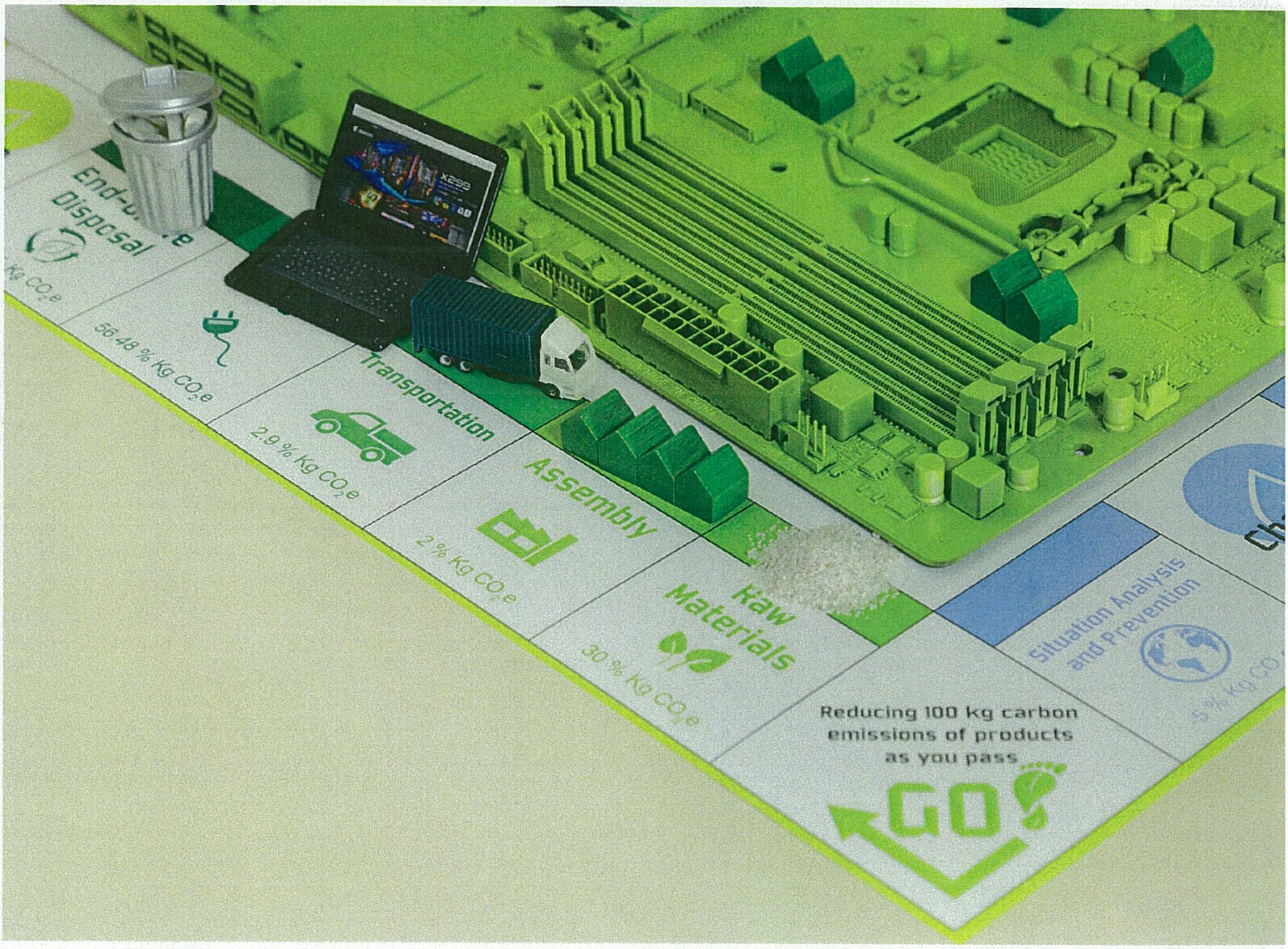
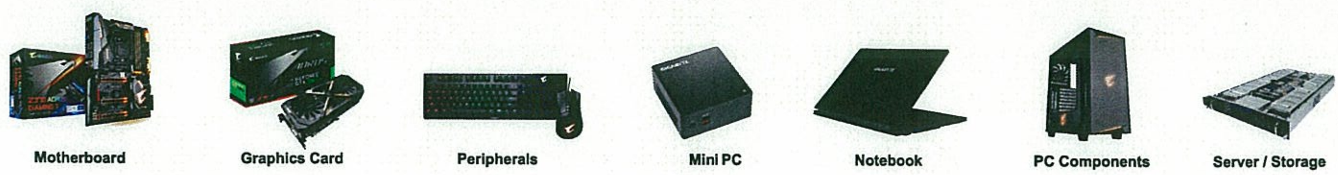
GIGABYTE™

GIGA-BYTE TECHNOLOGY CO., LTD.
ANNUAL REPORT, 2017





This GIGA-BYTE Yearbook is accessible through company website https://www.gigabyte.com and http://mops.twse.com.tw
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One. Report to Shareholders

Dear Shareholders:

Looking back at 2017, the global economy had stable recovered. The recovery in the emerging and developing economies is the primary power to push the global economies robust recovery. With the stable price of international oil and commodity, it is expected that the price will undergo equilibrating fluctuation within the broader range in the extended period and makes the consuming willingness increased. Thus, our sales and profit in these areas rose significantly. In addition, the benefits from the increasing requirement of high-speed computation and virtual currency, the overall business performance grew significantly compared to the prior year, the sales and profits reported a record-high over the last decade.

The 2017 operating outcomes and the summary of 2018 business plan are described as follows:

I. 2017 Business Highlights

(1) Financial and operating highlights

Unit: NT$100 million

Item	2017	2016	Difference	Percentage of Difference %)
Operating income	598.85	523.47	+75.38	+14.40 %
Gross profit	101.99	90.70	+11.29	+12.45 %
Net profit after tax of the parent company	27.86	22.93	+4.93	+21.50 %

Item		2017	2016
Financial structure (%)	Debt to total assets (%)	37.54	36.59
	Long-term capital to property & equipment (%)	636.53	599.60
Solvency (%)	Current ratio (%)	240.46	244.69
	Quick ratio (%)	177.65	167.91
Profitability (%)	Return on assets (%)	7.44	6.84
	Return on equity (%)	11.88	10.11
	Profit margin (%)	4.65	4.38
	Basic EPS (NT$)	4.41	3.05

(2) New RD/technology innovation outcomes

1. Top notch mainboard on the planet

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

2. Market-leading graphics card

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

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

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

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

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

3. Innovation in Industry and Market-leading Graphics Card

   a.R&D, Innovation Cloud Service Server

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

b.Cloud Computing Solution

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

c.Cooperate with AMD to Launch EPYC™ Platform Products

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

4. Hi-End Gaming Laptop

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

5. Champion of Super Micro PC Brix™

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

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

6. Endless Awards Gaming Peripherals

a.Gigabyte launched AORUS K9 Optical Gaming Keyboard

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

b.AORUS M3 Gaming Mouse

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

c.AORUS H5 Beryllium Diaphragm Horn Gaming Headset

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

II. Summary of 2018 Business Plan

(1) Market

Since the Asian Olympic Committee has listed e-sports as an official game for the 2022 Asian Games, many countries also listed e-sports as an official sporting event, which is expected to continue to drive its overall value. As the e-sport industry is expected to be flourished in the future, Gigabyte's top-level e-sports brand, AORUS, will inject more resources into its products, including motherboards, 3D graphics cards, gaming notebook computers, ultra-mini PCs and e-sport peripherals. To develop high-performance, high-quality features that will satisfy user groups and become leading brands in the global gaming market. Besides, regarding Netcom products, as the global disbursements of blockchain application solution keep increasing, the demand for products with cloud solutions with high scalability and high-performance will increase. Not only does the company conduct R&D itself, it also co-work closely with key component suppliers to provide more comprehensive and efficient solutions and gain market opportunities.

(2) Product

The company always insists high quality and innovation R&D; the products also won many awards globally. Except focusing on high quality, ultra-durable and high performance, we concentrate more on the strategy of products' intelligent energy saving and electronic safety regulation to develop hi-end gaming products, high-performance block chain application and cloud computing products to satisfy all user groups globally. Gigabyte insists the integrity, efficiency and value to create higher profit.

(3) Marketing

In addition to AORUS's enthusiasm and astounding products to realize the player's ultimate entertainment experience, Gigabyte actively participates in global e-sport events and closely links with the gaming community. Through media marketing and close connection with each consumer, the marketing disbursement works effectively and lower than before.

(4) Sales Channel Establishment

To emphasize the cooperation relationship with agencies, ensure that the target of marketing strategy will be executed no matter what their time or location. Virtual channels and physical channels will be integrated gradually. Enhanced local marketing, and provide adequate services and support to increase the strength of the brand and sales.

(5) Manufacture

Facing the shortage of workforce in Taiwan, the manufacturing cost increasing year by year, the company is planning to invest in intelligent manufacturing, automation and intelligent material supporting system to solve the short-term workforce issue and decrease manufacturing costs over the long-term.

(6) Service

With the upcoming digital new generation, network and physical full channel service will help to build the relationship with customers more efficiently and lasting. Make further improvements on the customer's satisfaction and delivering promised value faster than ever.

(7) Social Responsibility

The vision for sustainable development starts with the corporate philosophy of Gigabyte's "Innovative Technology and Upgrade Your Life." It sets forth four significant sustainable development policies to encourage business operation, products, environment, and social responsibility. Commencing from excellent R&D and innovation ability, developing low-carbon technology, in addition to the company were awarded numbers of prizes such as the Taiwan Enterprise Sustainable Award in 2017 years, AORUS X7 won the iF design award with renewable crops fiber environmental protection packaging in 2018. The company keeps providing environmentally friendly products, service and social care. Actively create substantial value for us, for the environment and the society to reach the target of mutually beneficial.

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

1. The advantage element for company operation

   Looking ahead to 2018, the global economy continues to grow but is slow down. The impact of interest rate raising from the United States, as well as the depreciation in Taiwan Dollar recently, will make the sales and profit of first quarter this year remarkable. However, there are still some uncertainties that may affect actual results.

2. The disadvantage element for company operation

   (1) Since the beginning of 2018, trade friction between Sino-US trade has risen, which may accelerate global funds movements and cause more significant volatility in the financial markets. This has caused enormous fluctuations and unpredictability of the exchange rate of the Taiwan dollar against the US dollar. Once the appreciation in Taiwan dollar's increased, it will make export-oriented companies suffered substantial exchange losses.

   (2) The rising of trade protectionism in major economic entities will be detrimental to our export-oriented companies.

   (3) Shortage of water, electricity will affect the company's production capacity and operations.

   (4) The implementation of General Data Protection Regulations (GDPR) in EU in May 2018. It strictly regulated the collection and processing of personal data, affecting the company's marketing methods and increasing the cost of the company's related personal data protection measures.

3. Company's Future Development Strategy

   (1) To create "AORUS" as the synonymous with global high-quality e-sports products

   AORUS" is Gigabyte's top-level e-sports brand and builds a full range of products only for enthusiastic gamers. It includes notebook computer which supports GeForce® GTX series of graphics card, ultimate gaming motherboards, graphics cards, and mechanical gaming keyboard, gaming mice, etc. provide the ultimate gaming experience for professional gamers. Gigabyte understands the love of the game for players. Therefore, with the spirit of unlimited innovation, create advanced texture for players, design with strong efficiency and thoughtfulness to achieve the ultimate entertainment experience for players, and become synonymous with global high-quality gaming products.

   (2) Continuing investment in R&D and innovation of cloud products

   The company dedicated to R&D of enterprise IT products, providing a full product line from the user's terminal to the computing facilities.

   - Along with Intel and AMD launched a new generation of server processors in the second half of 2017, Gigabyte gradually expanded its server product line supporting the new generation of dual-processor architectures in the first half of 2018. In addition to server motherboards and standard rack servers that are simultaneously listed on the market, we also introduced ultra-dense server for hyper-converged architectures, GPU acceleration servers and storage equipment for deep learning and artificial intelligence.

- ●Gigabyte invested in the R&D and manufacturing of artificial intelligence infrastructure products in very early stage and cooperated with the artificial intelligence software provider in the industry to provide solutions. We are one of the few Tesla NVLINK integrated server providers that received full support from NVIDIA and innovation technology authorization.
- ●In terms of the popular AI server requirements recently, Gigabyte has developed support for the NVIDIA Tesla V100/P100 NVLINK Accelerator's high-performance server products, and use its full server product line to present the virtual operating platform computing resource allocation that can be provided based on the cloud infrastructure.
- ●Regarding the applications of blockchain issues and artificial intelligence, we will strengthen cooperation with customers and suppliers to provide more advanced and differentiated highly integrated products. Since 2018, the standard RACK Servers and GPGPU Servers has adopted ASIC modules developed by customers and began to co-work on the development of new-generation hardware solutions to provide customers with more efficient and comprehensive solutions.

Looking ahead, Gigabyte still adheres to the faith in brand spirit and sustainable operation, launch more diversified and more innovative products to continue to create profits for the company, share shareholders, to benefit people, and feedback to society.

Wish You Health and Happiness.

Dandy Yeh
Chairman

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

Two. The Company

I. Date established: April 30, 1986
II. Company History

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

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

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

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

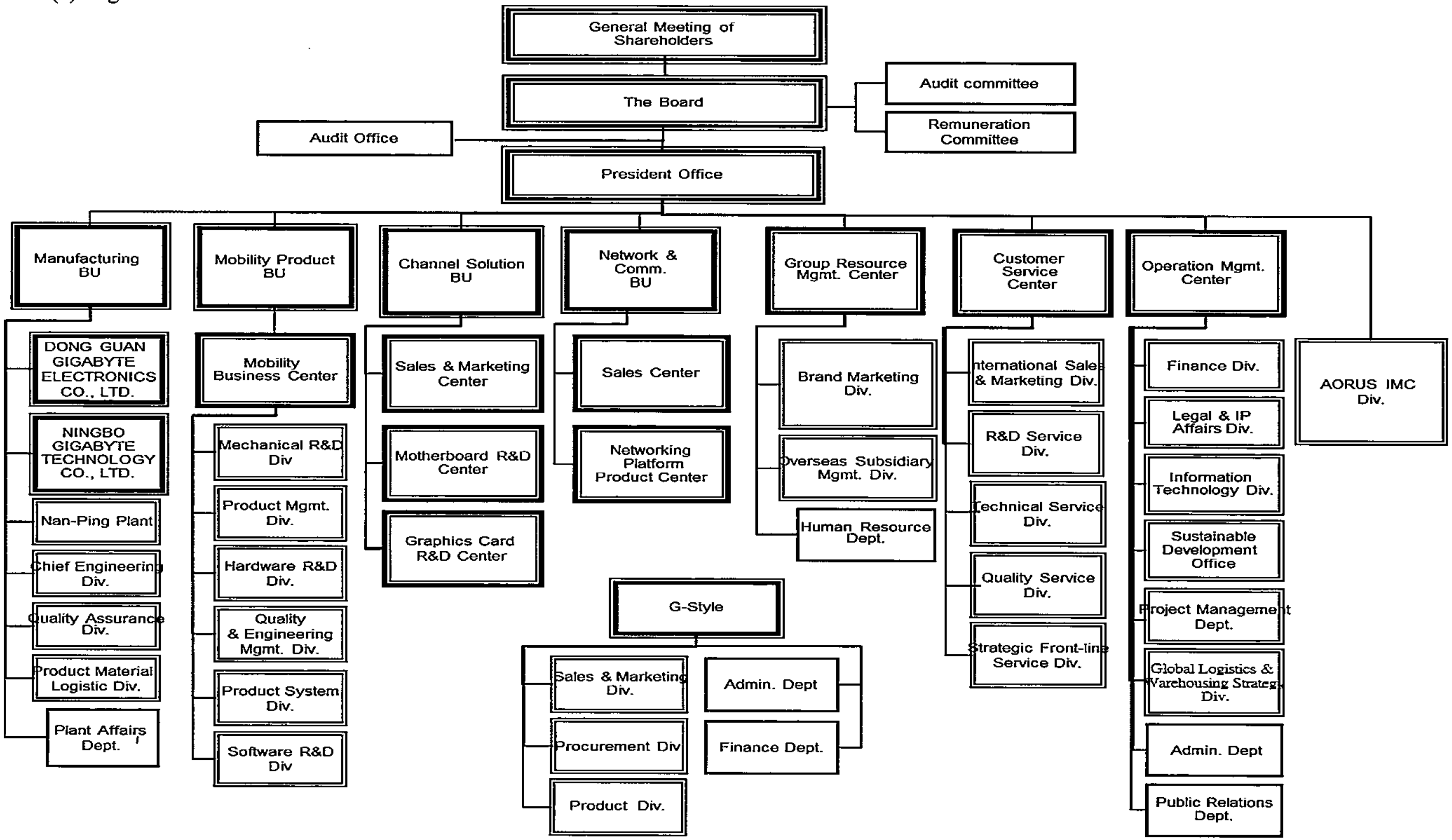
April 2010	Gigabyte is the first in the industry to roll out a mother board that possesses iPad USB power supply functionality.
July 2010	Gigabyte is the first in the industry to roll out a Mini-ITX motherboard featuring USB 3.0.
September 2010	Gigabyte ranked 17th in a survey of international Taiwanese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

April 2014	Gigabyte's BRIX super-micro PC system won the Silver Medal at the 22nd Taiwan Excellence Awards.
August 2014	Gigabyte won the New Star Award in the large-scale enterprise category in the 2014 *CommonWealth Magazine* "Corporate Citizenship Awards".
October 2014	Gigabyte won the Taoyuan County Government "8th Taoyuan Excellent Enterprise Award" and "2014 Excellent Employer Award".
November 2014	Gigabyte won the "Taiwan CSR Report Awards - Bronze Medal, Large Enterprises, Electronics Industry II" and "TCSA Climate Leadership Award".
December 2014	The "AORUS X3 Plus" 13" e-sports notebook and "GA-Z97X-Gaming G1 Multimedia Motherboard" were recognized at the 23rd Taiwan Excellence Awards.
March 2014	"AORUS Thunder K7 and M7" received the 2015 Red Dot Design Award in Germany
May 2015	Top 30th enterprise and top 7th enterprise in technology and traditional industries according to the CSR Survey by *Global View Magazine*.
June 2015	Excellence in the private sector category of the National Environmental Education Awards.
June 2015	"AORUS X5" won the COMPUTEX BC Award and D&I Award
December 2015	Perfect Score! 100% winning rate at the "Taiwan Excellence Awards".
January 2016	"AORUS X5 15-inch Gaming Laptop" and "AORUS X7 D.T. 17-inch Gaming Laptop" won the CES Innovation Award.
May 2016	Ranked Taiwan's top 40th enterprise and top 16th enterprise in the electronics industry in the CSR Survey by *Global View Magazine*.
December 2016	The AERO 14 and AROUS X7 DT gaming notebooks won the 25th Taiwan Excellence Awards. Total strike, perfect performance!
May 2017	The BRIX VR won the 2017 COMPUTEX d&i Award.
May 2017	Ranked Taiwan's top 40th enterprise in the Model Enterprise in the electronics industry according to the CSR Survey by Global View Magazine.
November 2017	"AORUS X9 Gaming Laptop" wins the CES 2018 CES Innovation Award.
December 2017	"X299 AORUS Gaming 9 Top Gaming Motherboard" wins the 26th Taiwan Excellence Silver Award.
December 2017	the company wins the 10th Taiwan Corporate Sustainability Awards (TCSA) Recognizing "Taiwan Top 50 Corporate Sustainability Prize", "Climate Leadership Awards" and the "Gold Award from the Taiwan TOp50 Corporate Sustainability Report Awards."
February 2018	AORUS X7 Packaging featuring recycle fiber of plant and Environmental protection wins iF World Design Award 2018.

Three Corporate Governance Report

I. The Organization System

(1) Organization chart



(2) Major functional departments:

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

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

(I) Profiles of directors and supervisors (1)

April 13, 2018

Title (Note 1)	Nationality/ Registration	Name	Gender	Elected date (Note 2)	Tenure	Initial date of office	Shareholdings at the time of elected office		Current shareholdings		Representative Current shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company or in other companies	Spouse or relative at the 2nd level under the Civil Law who is also an executive, director, or supervisor of the Company		
							Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name	Relationship
Chairman	Republic of China	Yeh, Pei-Chen	Male	June 17, 2015	3 years	April 30, 1986	28,531,237	4.54%	30,151,237	4.74%			5,821,063	0.92%	-	-	College graduate; Ming Hsin Engineering College	President of Gigabyte Chairman of Chi-Ga Investment Communications INC. Director Representative of G-Style Director Representative of Giga-Trend International Management Group Ltd. Chairman of Giga-Trend International Investment Group Ltd. Chairman of PG Union Director Representative of Walsin Technology Corporation Director Representative of BYTE International Co., Ltd.	-	-	-
Vice chairman	Republic of China	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung	Male	June 17, 2015	3 years	April 12, 2006	14,062,200	2.24%	14,062,200	2.21%	41,168,918	6.48%	4,592,370	0.72%	-	-	EMBA, College graduate; National Cheng Chi University	Executive VP at Gigabyte Director Representative of Chi-Ga Investment Director Representative of Giga-Byte Communications INC. Director Representative of G-Style Chairman of Giga-Trend International Management Group Ltd. Director of Info-Tek Corporation Director Representative of Giga-Trend International Investment Group Ltd. Director Representative of Hui Yang Venture Capital Co., Ltd. Supervisor of BYTE International Co., Ltd. Director Representative of JM Material Technology, Inc. Supervisor Representative of Senyun Precise Optical Co.,Ltd Chairman of Green Share Co., Ltd. Director Representative of QSan Technology, Inc. Director Representative of Yuncheng Ltd.	-	-	-

Title (Note 1)	Nationality/ Registration	Name	Gender	Elected date (Note 2)	Tenure	Initial date of office	Shareholdings at the time of elected office		Current shareholdings		Representative Current shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company or in other companies	Spouse or relative at the 2nd level under the Civil Law who is also an executive, director, or supervisor of the Company		
							Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Title	Name	Relationship
Director	Republic of China	Shi Jia Investment Co., Ltd. Representative: Ma, Mou-Ming	Male	June 17, 2015	3 years	April 12, 2006	3,959,725	0.63%	3,959,725	0.62%	23,620,024	3.72%	470,914	0.07%	-	-	University graduate; Electronic & Computer Engineering, National Taiwan University of Technology	Gigabyte Executive VP Director Representative of Chi-Ga Investment Director Representative of Giga-Byte Communications INC. Chairman of G-Style Director of Giga-Trend International Investment Group Ltd.	-	-	-
Director	Republic of China	Yuei-yei Kai Fa Investment Limited. Representative: Tseng, Chun-Ming	Male	June 17, 2015	3 years	June16, 2009	2,192,200	0.35%	2,192,200	0.34%	4,385,647	0.69%	288,846	0.05%	-	-	College graduate; Ming Hsin Engineering College	Gigabyte Executive VP Director Representative of Giga-Byte Communications INC. Chairman, Intelligence Precision Co., Ltd.	-	-	-
Director	Republic of China	Shi Da Investment Limited Representative: Ko, Cong-Yuan	Male	June 17, 2015	3 years	June 18, 2012	17,289,000	2.75%	9,453,000	1.49%	-	-	45,000	0.01%	-	-	Master of Engineering Management, Tsinghua University	President of Albatron technology CO.,LTD Supervisor Representative of Chun electronics co., LTD.	-	-	-
Independent Director	Republic of China	Yang, Cheng-Li	Male	June 17, 2015	3 years	June 17, 2015	-	-	-	-	-	-	-	-	-	-	MBA Tulane University, USA. EMBA, National Chengchi University	Chairman of King Core Electronics Inc.	-	-	-
Independent Director	Republic of China	Chan, Yi-Hung	Male	June 17, 2015	3 years	June 17, 2015	-	-	-	-	-	-	1,102	0.00%	-	-	California State University, Fullerton EMBA, National Chengchi University	Chairman, Taisun Enterprise Co., Ltd. Supervisor, INFO-TEK Corporation	-	-	-
Independent Director	Republic of China	Huang, Wen-lai	Male	June 15, 2016	2 years	June 15, 2016	-	-	-	-	-	-	-	-	-	-	Department of Electronics, Ming Hsin Engineering College	Chairman, Pharmally International Holding Co., Ltd. Chairman, M Development Limited (SGX-N14), Singapore Chairman, Xiamen Sharing Group Co., Ltd. Chairman, Hong Kong Liyi Electronics Co., Ltd.	-	-	-

The Major Shareholder of Institutional Shareholders

April 13, 2018

The Name of institutional shareholders	Major shareholder	Proportion
Ming Wei Investment Co., Ltd.	Yang, Hsueh-Ching	30.00%
	Liu, Ming-Hsiung	29.97%
Shi Jia Investment Co., Ltd.	Ma, Shih-Jie	93.33%
Yuueyeh Development Investment Limited.	Tseng, Chun-Ming	95.00%
Shi Da Investment Limited	Ko, Cong-Yuan	80.00%

Profiles of Directors and Supervisors (2)

April 13, 2018

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

Note 1:Independent Director Jhao, Sheng resigned on April 15, 2016.

Note 2:The number of fields may be adjusted depending on the content.

Note 3:Respective director and supervisor who meet the following qualifications 2 years before assumption of office or at the time of assumption office shall put a "✓" in the appropriate space.

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

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

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

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

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

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

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

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

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

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

(II) Profiles of the managers

April 13, 2018

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2nd level under the Civil Law		
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Quantity	Proportion	Quantity
President of Gigabyte	Republic of China	Yeh, Pei-Chen	Male	Mar. 15, 1986	30,151,237	4.74%	5,821,063	0.92%	-	-	College graduate, engineer at ITRI	Chairman, Chi-Ga Investment Chairman, Giga-Byte Communications INC. Director Representative, G-Style Director Representative, Giga-Trend International Management Group Ltd. Chairman, Giga-Trend International Investment Group Ltd. Chairman, PG Union Director Representative, Walsin Technology Corporation Director Representative of BYTE International Co., Ltd.	-	-	-
Executive VP of Gigabyte President of Channel Solution BU	Republic of China	Liu, Ming-Hsiung	Male	Mar. 15, 1986	41,168,918	6.48%	4,592,370	0.72%	-	-	EMBA, College graduate, engineer G-COLOR ENTERPRISE CO., LTD.	Director Representative, Chi-Ga Investment Director Representative, Giga-Byte Communications INC. Director Representative, G-Style Chairman, Giga-Trend International Management Group Ltd. Director of Info-Tek Corporation Director Representative, Giga-Trend International Investment Group Ltd. Director Representative, Hui Yang Venture Capital Co., Ltd. Supervisor representative, BYTE International Co., Ltd. Director Representative, JM Material Technology, Inc. Supervisor representative, Senyun Precise Optical Co., Ltd. Chairman of Green Share Co., Ltd. Director Representative of QSan Technology, Inc. Director Representative of Yuncheng Ltd.	-	-	-
Executive VP of Gigabyte	Republic of China	Ma, Mou-Ming	Male	Mar. 26, 1988	23,620,024	3.72%	470,914	0.07%	-	-	Electronic & Computer Engineering, National Taiwan University of Technology, engineer at Acer Systems	Director Representative, Chi-Ga Investment Director Representative, Giga-Byte Communications INC. Director of G-Style Director Representative, Giga-Trend International Investment Group Ltd.	-	-	-
Manufacturing Business Unit Senior VP	Republic of China	Tseng, Chun-Ming	Male	Jun. 1, 1993	4,385,647	0.69%	288,846	0.05%	-	-	College graduate, General Manager at Jpjohn	Director Representative of Giga-Byte Communications INC. Chairman, Intelligence Precision Co., Ltd.	-	-	-
Senior VP and President of Mobility Product BU	Republic of China	Lin, Huo-Yuan	Male	Sep. 25, 1989	451	0.00%	-	-	-	-	University graduate, engineer at Li Hsin Enterprise Co., Ltd.	-	-	-	-

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

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2nd level under the Civil Law		
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Quantity	Proportion	Quantity
Network & Comm. BU, AVP	Republic of China	Chen, Zhang-Xiang	Male	Jun. 16, 1999	-	-	-	-	-	-	College graduate Manager, First International Computer MIRCO STAR INTERNATIONAL	-	-	-	-
President's office, manager special assistant	Republic of China	Chen, Shi-Cheng	Male	Nov. 27 2000	209	0.00%	-	-	-	-	Syracuse University computer engineer Engineer at BenQ Engineer at Motorola	-	-	-	-
Network and Communications Business Group, Chief Technology Officer	Republic of China	Hou, Chih-Jen	Male	Apr. 14, 2000	141,291	0.02%	-	-	-	-	EECS - Northwestern University Senior Manager, Acer	-	-	-	-
President's office, special assistant to president	Republic of China	Kao, Han-Yu	Male	Feb. 1, 2001	-	-	-	-	-	-	University graduate SONY Taiwan IPO General Manager	-	-	-	-
Channel Solution Business Unit M/B Research& Development Center, Vice General Manager	Republic of China	Chen, Chen-Shun	Male	Sep. 1, 2000	-	-	-	-	-	-	University graduate Engineer, Nan Ya Technology Asst VP Phoenix Technologies Ltd.	-	-	-	-
Channel Solution Business Unit, Service and Sales Marketing Center, America& Asia Platform , Senior AVP	Republic of China	Liao, Chi- Li	Male	Oct. 1, 1998	208,000	0.03%	784	0.00%	-	-	Master degree ASUSTEK COMPUTER INC.	-	-	-	-
Channel Solution Business Unit, Service and Sales Marketing Center, Europe Platform, Senior AVP	Republic of China	Hsiao, Wen-Ta	Male	Feb. 11, 1998	100,714	0.02%	-	-	-	-	University graduate D-LINK CORPORATION	-	-	-	-
Channel Solution Business Unit, Service and Sales Marketing Center, China Platform, Senior AVP	Republic of China	Liu, Wen-Chung	Male	Apr. 1, 1999	-	-	291,000	0.05%	-	-	University graduate First International Computer, Inc	-	-	-	-
Channel Solution Business Unit, M/B Research& Development Center, software office, AVP	Republic of China	Deng, Yi-Ming	Male	Mar. 11, 1997	-	-	-	-	-	-	University graduate First International Computer Co., Ltd. BIOS section manager	-	-	-	-
Channel Solution Business Unit, M/B Research& Development Center, Firmware Division II, Senior AVP	Republic of China	Tseng, Wei-Wen	Male	Sep.1, 2003	-	-	-	-	-	-	University graduate Phoenix Tech. Senior AVP VIA TECHNOLOGIES, INC.	-	-	-	-

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2nd level under the Civil Law		
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Quantity	Proportion	Quantity
Channel Solution Business Unit, M/B Research& Development Center, AVP	Republic of China	Liao, Che-Hsien	Male	Jun. 16, 1997	112,000	0.02%	-	-	-	-	Master degree	-	-	-	-
AVP, Mobile Product BU, Mobile Product Center Software R&D	Republic of China	Lan, Jun Kun	Male	Nov 13, 2000	-	-	-	-	-	-	Master degree Manager at Intel	-	-	-	-
Network & Comm. BU Product Center, AVP	Republic of China	Chen, Yun Di	Male	May 2, 2000	90,115	0.01%	-	-	-	-	Master degree Manager at Siemens GTE	-	-	-	-
AVP, Overseas Manufacturing Dongguan Gigabyte Ningbo Gigabyte	Republic of China	Ko, Wei-Di	Male	Jun. 26, 2000	-	-	-	-	-	-	EMBA Yuan Ze University Special assistant to the Vice President/Section manager at Gold Circuit Electronics Manager at Unimicron	-	-	-	-
General Counsel, Legal and IP Affairs Division, Operation Management Center	Republic of China	Chiu, Chih Peng	Male	Jan. 2, 2014	-	-	-	-	-	-	People's University China, Civil and Business Law (Doctor) Attorney at Law, Lin & Associates, Maritime Law Office AVP, Info-Tek Corporation	-	-	-	-
AVP, Chief Engineering Division, Manufacturing Business Unit	Republic of China	Sun, Wu Hsiung	Male	Aug. 28, 2000	30,026	0.00%	-	-	-	-	Department of electronics, Yunlin Institute of Technology Vice manager of engineering technology at Chih Fu Corp.	-	-	-	-
Vice General Manager, Channel Solution Business Unit, Gaming Products Research &Design Center	Republic of China	Huang, Shun Chih	Male	Nov 20, 2003	-	-	-	-	-	-	Department of Electronics Engineering, Taiwan Institute of Technology Engineer at First International Computer Manager at Shengchuan Technology Manager at Universal Scientific Industrial	-	-	-	-
Vice General Manager, Channel Solution Business Unit, Sales and Marketing Center	Republic of China	Lin, Ying Yu	Male	Nov 3, 2003	-	-	-	-	-	-	MBA, National Chung Hsing University Vice manager at TUL Corporation Vice manager at Elitegroup Computer Systems				
AVP, Customer Service Center	Republic of China	Lin, Chi-ching	Male	Jun 18, 1991	194	0.00%	-	-	-	-	Department of Electronics, Van Nung Institute of Industry Repair Technician, Liloy Electronics Technology Ltd. Repair Engineer, Zenith Electronics	Chairman of BYTE International Co., Ltd.	-	-	-

Title	Nationality	Name	Gender	Date of office	Shareholdings		Shareholdings by spouse and underage children		Shareholdings under the title of a third party		Education and experience	Other positions in the Company	Manager who is a spouse or relative at the 2nd level under the Civil Law		
					Quantity	Proportion	Quantity	Proportion	Quantity	Proportion			Quantity	Proportion	Quantity
AVP, Product Management Division, Mobile Product BU	Republic of China	Liu, Yu-chuan	Male	Apr. 1, 2010	-	-	-	-	-	-	Graduate Institute of Management Science, National Chiao Tung University Product Specialist, Acers Incorporated Product Manager, ASUSTeK Computer Inc. Manager, Pegatron Corporation	-	-	-	-

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

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

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

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Director</th><th colspan="2" rowspan="2">Ratio of the total ABCD to the net earnings after tax (*10)</th><th colspan="8">The director may also be an employee</th><th colspan="2" rowspan="2">Ratio of the total ABCDEFG to the net earnings after tax (*10)</th><th rowspan="4">Related remuneration from investees other than the subsidiaries (*11)</th></tr>
<tr><th colspan="2">Remuneration (A) (*2)</th><th colspan="2">Pensions (B)</th><th colspan="2">Remuneration to directors (C) (*3)</th><th colspan="2">Expenses incurred for business purposes (D) (*4)</th><th colspan="2">Salaries, awards and special subsidies etc. (E) (*5)</th><th colspan="2">Pensions (F)</th><th colspan="4">Bonus to employees (G) (*6)</th></tr>
<tr><th rowspan="2">Giga-Byte</th><th rowspan="2">All firms covered I the consolidated financial statements (*7)</th><th rowspan="2">Giga-Byte</th><th rowspan="2">All firms covered I the consolidated financial statements (*7)</th><th rowspan="2">Giga-Byte</th><th rowspan="2">All firms covered I the consolidated financial statements (*7)</th><th rowspan="2">Giga-Byte</th><th rowspan="2">All firms covered I the consolidated financial statements (*7)</th><th rowspan="2">Giga-Byte</th><th rowspan="2">All firms covered I the consolidated financial statements (*7)</th><th rowspan="2">Giga-Byte</th><th rowspan="2">All firms covered I the consolidated financial statements (*7)</th><th rowspan="2">Giga-Byte</th><th rowspan="2">All firms covered I the consolidated financial statements (*7)</th><th colspan="2">Giga-Byte</th><th colspan="2">All firms covered I the consolidated financial statements (*7)</th><th rowspan="2">Giga-Byte</th><th rowspan="2">All firms covered I the consolidated financial statements (*7)</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Chairman</td><td>Yeh, Pei-Chen</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">46,000</td><td rowspan="8">46,000</td><td rowspan="8">3,075</td><td rowspan="8">3,075</td><td rowspan="8">1.76%</td><td rowspan="8">1.76%</td><td rowspan="8">92,589</td><td rowspan="8">92,589</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">48,000</td><td rowspan="8">0</td><td rowspan="8">48,000</td><td rowspan="8">0</td><td rowspan="8">6.80%</td><td rowspan="8">6.80%</td><td rowspan="8">None</td></tr>
<tr><td>Corporate representative, Ming Wei Investment Co., Ltd.</td><td>Liu, Ming-Hsiung</td></tr>
<tr><td>Corporate representative, Shih Chia Investment Co., Ltd.</td><td>Ma, Mou-Ming</td></tr>
<tr><td>Corporate representative, Yue Yeh Investment Co., Ltd.</td><td>Tseng, Chun-Ming</td></tr>
<tr><td>Corporate representative, Shih Da Investment Co., Ltd.</td><td>Ko, Cong-Yuan</td></tr>
<tr><td>Independent Director</td><td>Yang, Cheng-Li</td></tr>
<tr><td>Independent Director</td><td>Chan, Yi-Hung</td></tr>
<tr><td>Independent Director</td><td>Huang, Wen-lai</td></tr>
<tr><td colspan="23">In addition to the information disclosed in the above table, remuneration to directors for offering services (e.g. non-staff consultants) to all companies mentioned in the financial statement: None</td></tr>
</table>

Tiers of Remuneration

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Fees for the supervisors: None

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

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

Title	Name	Salary (A) (*2)		Pensions (B)		Award, special subsidy and other subsidy in kind (C) (*3)		Compensation for Employees (D) (*4)				Ratio of the total ABCD to the net earnings after tax (%) (*8)		Related remuneration from investees other than the subsidiaries (*9)
		Giga-Byte	All firms covered I the consolidated financial statements (*5)	Giga-Byte	All firms covered I the consolidated financial statements (*5)	Giga-Byte	All firms covered I the consolidated financial statements (*5)	Giga-Byte		All firms covered I the consolidated financial statements (*5)		Giga-Byte	All firms covered I the consolidated financial statements (*5)	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
President	Yeh, Pei-Chen													
Executive VP	Liu, Ming-Hsiung													
Senior VP	Ma, Mou-Ming													
Senior VP	Tseng, Chun-Ming													
Senior VP	Lin, Huo-Yuan													
General Manager of BU	Lee, E-Tay													
General Manager of BU	Meng, Hsian-Ming													
Vice General Manager of the US Platform	Lu, Zheng-wei													
Vice General Manager and Special Assistant to Chairman of Center	Chen, Jin-Ting	45,393	45,393	1,062	1,062	190,286	190,376	98,000	0	98,000	0	12.01%	12.02%	None
President's office, special assistant to president	Kao, Han-Yu													
Business Unit Vice President	Chen, Chen-Shun													
Business Unit Vice President	Lin, Ying Yu													
Business Unit Vice President	Huang, Shun Chih													
Business Unit Chief Technology Officer	Hou, Chih-Jen													
C.E.O.	Bai, Guang-Hua													
C.F.O.	Chen,Chun-Ying													

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

Tiers of Remuneration

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

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

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

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

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

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

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

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

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

Note 9: a. Explicitly state if GMs and Vice GMs of the Company "have" or "have not" receive related remuneration from investees other than the subsidiaries.

b. If received from a subsidiary company directors investees other than those related to compensation, should be transferred outside the Company directors in the investment business by the subsidiary to receive remuneration, remuneration levels from the table into the J Field, and Change the field name As "all reinvestments. "

c. Remuneration shall be referred to the rewards, wages (including employee compensation and remuneration for directors and supervisors) and income for business operation and related payments to GMs and Vice GMs in their roles with the subsidiaries as directors, supervisors or managers.

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

(4) Compensation for Managers

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

	Title (*1)	Name (*1)	Stock dividends	Cash dividends	TOTAL	Ratio of the total to the net earnings after tax(%)
Manager	President	Yeh, Pei-Chen	0	98,000	98,000	3.61%
	Executive VP	Liu, Ming-Hsiung				
	Senior VP	Ma, Mou-Ming				
	Senior VP	Tseng,Chun-Ming				
	Senior VP	Lin, Huo-Yuan				
	General Manager of BU	Lee, E-Tay				
	General Manager of BU	Meng, Hsian-Ming				
	Vice General Manager of the US Platform	Lu, Zheng-wei				
	Vice General Manager and Special Assistant to Chairman of Center	Chen, Jin-Ting				
	President's office, special assistant to president	Kao, Han-Yu				
	Business Unit Vice President	Chen, Chen-Shun				
	Business Unit Vice President	Lin, Ying Yu				
	Business Unit Vice President	Huang, Shun Chih				
	Business Unit Chief Technology Officer	Hou, Chih-Jen				
	C.E.O.	Bai, Guang-Hua				
	C.F.O.	Chen, Chun-Ying				

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

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

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

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

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

Item / Title and Description	2016 the ratio taken by the gross total of remuneration paid by Giga-Byte and all firms covered in the consolidated financial statements to Giga-Byte's directors, president and vice presidents to the net earnings after tax		2017 the ratio taken by the gross total of remuneration paid by Giga-Byte and all firms covered in the consolidated financial statements to Giga-Byte's directors, president and vice presidents to the net earnings after tax	
	Giga-Byte	All firms covered the consolidated financial statements	Giga-Byte	All firms covered the consolidated financial statements
Directors GM & Vice GM	12.22%	12.23%	13.77%	13.78%

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

III.Corporate Governance

(I) The operation of BOD

In 2017, BOD held 7 meeting (A), the attendance of the directors is as follows.

Title	Name(Note 1)	Actual attending B	Authorized attending	Ratio of actual attending (%) [B/A] (Note 2)	Remark
Chairman	Yeh, Pei-Chen	7	0	100%	Successive June 17, 2015 Re-election
Vice Chairman	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung	7	0	100%	Successive June 17, 2015 Re-election
Director	Shi Jia Investment Co., Ltd. Representative: Ma, Mou-Ming	7	0	100%	Successive June 17, 2015 Re-election
Director	Yuei-yei Kai Fa Investment Ltd. Representative: Tseng, Chun-Ming	6	0	85.71%	Successive June 17, 2015 Re-election
Director	Shi Da Investment Limited Representative: Ko, Cong-Yuan	6	0	85.71%	New June 17, 2015 Re-election
Independent Director	Yang, Cheng-Li	7	0	100%	New June 17, 2015 Re-election
Independent Director	Chan, Yi-Hung	7	0	100%	New June 17, 2015 Re-election
Independent Director	Huang, Wen-lai	5	2	71.43%	New June 15, 2016 Election

Important notice

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

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

Date of Meeting (Session)	Proposal and Resolutions	Matters Specified in Article 14-3 of the Securities and Exchange Act	Opinions or Objections of Independent Directors
January 13th, 2017 (The 1st session of 2017)	•Approval of 2017 annual accountant entrust and remuneration proposal.	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: The resolution is approved by all of the directors present at the meeting.		

March 14th, 2017 (The 2nd session of 2017)	•Revision of our Company's "Operating and Management Procedures for the Acquisition or Disposal of Assets." •Revision of the Company's "Procedures for Endorsements and Guarantees." •Approval of 2016 Employee and director remuneration distribution proposal.	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: The first and the second proposal are approved by all of the directors present at the meeting. The third proposal, due to the avoidance of interest relations, the directors have explained the important contents regarding their interest relations; also, they didn't attend or authorize any personnel to attend the discussion and voting. All the other directors present at the meeting approved the matter without any disagreement.		
May 15th, 2017 (The 4th session of 2017)	•Approval of evaluation and suggestions to 2016 distribution of remuneration to directors	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: Due to the avoidance of interest relations, the directors have explained the important contents regarding their interest relations; also, they didn't attend or authorize any personnel to attend the discussion and voting. All the other directors present at the meeting approved the matter without any disagreement.		
November 14th, 2017 (The 7th session of 2017)	•Independence evaluation of CPAs of the Company	V	None
	Opinions of Independent Directors: None.		
	Company's opinions to Independent Directors: None.		
	Resolution: The resolution is approved by all of the directors present at the meeting.		

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

II. Status of directors' avoidance of conflicts of interest in relevant proposals: The discussion focused on the distribution of remuneration to directors on March 14th 2017 and May 15th 2017. The relevant directors should not be involved in the discussion and voting of the matter regarding remuneration to director respectively.

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

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

a. The BOD of this Company formed the Audit Committee on June 17, 2015 to replace the duty of supervisors. The committee is formed by three independent directors and holds a committee meeting at least once a quarter. The major duties and functions of the Audit Committee are as follows:

Audit the presentation adequacy of the Company's financial statements, selection (dismissal) and independency and performance of CPAs, the effectiveness of implementation of the Company's internal control, the Company's compliance with relevant laws and regulations and rules; and the Company's control of existing and potential risks.

b. The BOD of this Company established the Remuneration Committee in December 2011 and re-elected members of the third term on June 17, 2015. Mr. Yang Cheng-Li was reelected as the chairman of the Remuneration Committee of the third term. The major duties and functions the Remuneration Committee are as follows:

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

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

(2) Evaluation of execution

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

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

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

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

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

1. The operation of Audit Committee..

In 2017, the Audit Committee held 5 committee meetings (A), and the attendance of independent directors is is as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) [B/A] (note)	Remarks
Independent Director	Yang, Cheng-Li	5	0	100%	New June 17, 2015 Re-election
Independent Director	Chan, Yi-Hung	5	0	100%	New June 17, 2015 Re-election
Independent Director	Huang, Wen-lai	4	1	80.00%	New June 15, 2016 Election

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

Date of Meeting (Session)	Proposal and Resolutions	Matters Specified in Article 14-5 of the Securities and Exchange Act	Matters not approved by all the members of Audit Committee, but approved by 2/3 of directors
January 13th, 2017 (The 1st session of 2017)	•Approval of 2017 annual accountant entrust and remuneration proposal.	V	None
	The Resolution of Audit Committee (January 13th, 2017): Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		

March 14th, 2017 (The 2nd session of 2017)	•Individual financial statements and consolidated financial statements of 2016. •Revision of our Company's "Operating and Management Procedures for the Acquisition or Disposal of Assets." •Revision of the Company's "Procedures for Endorsements and Guarantees." •2016 statement on the internal audit system.	V	None
	The Resolution of Audit Committee (March 14th, 2017): Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		
August 14th, 2017 (The 6th session of 2017)	•2017 Q2 consolidated financial statements of the Company.	V	None
	The Resolution of Audit Committee (August 14th, 2017): Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		
November 14th, 2017 (The 7th session of 2017)	•Independence evaluation of CPAs of the Company •Approval of 2018 Audit Plan	V	None
	The Resolution of Audit Committee (November 14th, 2017): Approved by all the members of Audit Committee.		
	The company's opinions proposed to Audit Committee: Approved by all the directors present at the meeting.		

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

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

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

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

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

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

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

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

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

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

Indicator	Status			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
with understanding corporate governance practices at the Company (including but not limited to employee rights, employee care, supplier relations, stakeholder rights, continuing education for directors and supervisors, the implementation of risk management policy and risk measurement measures, the implementation of customer policy, and the purchase of liability insurance for directors and supervisors)?			Organization and Services/Talent development (2) Investor relations: The Gigabyte website provides a disclosure platform that investors can access for financial information/ corporate governance / shareholder meeting/ shareholder services. (3) Supplier relations: Gigabyte received AEO certification as a quality enterprise in February, 2012. We have signed the Declaration of Supply Chain Safety with our suppliers and use external audits of suppliers to ensure conformity. (4) Stakeholder rights: Our Company has avoided conflicts of interest with stakeholders in accordance with the law. (5) Further education status of directors, accounting chiefs, and audit chiefs: These personnel have completed further education at the regulatory length. Please refer to the annexe (Note) for details. (6) Risk management policy: Gigabyte has risk management policies in place for inventory, equipment, buildings and receivables. We are also insured against any potential losses. (7) Liability insurance for directors and supervisors: This Company buys liability insurance for all directors and supervisors by the Company.	
9. Please specify the status of improvements and prioritized improvements with reference to the Corporate Governance Evaluation results announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the previous year. Completed improvements: Company's website discloses the corporate governance information including organization structure and management team, regular evaluation and assessment of the Board of Directors as well as a certified independent accountant etc. Prioritized improvements: Establishment and publishing on the corporate website governance-related rules and internal regulations.				

Note1: The evaluation criteria of accountant independence

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

Note2: Status of further education of directors, accounting chiefs, and audit chiefs in 2017.

Title	Name	Date	Course	Hours
Chairman	Yeh, Pei-Chen	Aug 14, 2017	Reviewing "Special breach of faith" in economic crime in regard to forms, case analysis and relevant legal responsibilities.	3
		Nov 14, 2017	How does an enterprise react to white-collar crime?	3
Vice Chairman	Liu, Ming-Hsiung, Institutional Representative of Mingwei Investment Co., Ltd.	Aug 14, 2017	Reviewing "Special breach of faith" in economic crime in regard to forms, case analysis and relevant legal responsibilities.	3
		Nov 14, 2017	How does an enterprise react to white-collar crime?	3
Director	Ma, Mou-Ming Institutional Representative of Shih-Chia Investment Co., Ltd.	Aug 14, 2017	Reviewing "Special breach of faith" in economic crime in regard to forms, case analysis and relevant legal responsibilities.	3
		Nov 14, 2017	How does an enterprise react to white-collar crime?	3
Director	Tseng, Chun-Ming Institutional Representative of Yuei-yei Kai Fa Investment Ltd.	Aug 14, 2017	Reviewing "Special breach of faith" in economic crime in regard to forms, case analysis and relevant legal responsibilities.	3
		Nov 14, 2017	How does an enterprise react to white-collar crime?	3
Director	Ko, Cong-Yuan Institutional Representative of Shih Dah Investment Co., Ltd.	Aug 14, 2017	Reviewing "Special breach of faith" in economic crime in regard to forms, case analysis and relevant legal responsibilities.	3
		Nov 14, 2017	How does an enterprise react to white-collar crime?	3
Independent Director	Yang, Cheng-Li	Aug 14, 2017	Reviewing "Special breach of faith" in economic crime in regard to forms, case analysis and relevant legal responsibilities.	3
		Nov 14, 2017	How does an enterprise react to white-collar crime?	3
Independent Director	Chan, Yi-Hung	Aug 1, 2017	Tax administration in the era of anti-tax-avoidance	3
		Aug 14, 2017	Reviewing "Special breach of faith" in economic crime in regard to forms, case analysis and relevant legal responsibilities.	3
		Nov 14, 2017	How does an enterprise react to white-collar crime?	3
Independent Director	Huang, Wen-lai	Jun 22, 2017	The analysis of new anti-tax avoidance analysis in the world and Cross-Strait (Taiwan and China) and enterprise's responsive strategy	6
CFO	Chen, Chun-ying	Feb 16-17, 2017	Further Education Course for Accounting Chiefs of Issuers, Securities Companies, and Stock Exchanges	12
Audit Chief	Ting, Yu-chi	Jun 6, 2017	Practical skills of the internal audit process	6
		Sep 15, 2017	The Acquisition and Payment Cycle	6

IV) Composition, Duties, and Operations of the Remuneration Committee:
The Company's Board established the Compensation Committee in December 2011 and elected members for the third term of the committee on June 17, 2015. Mr. Yang Cheng-Li was consecutively elected to a second term of the chairman of the Compensation Committee.

1. Information on the members of the Compensation Committee

Identity Category (Note 1)	Qualification / Name	Have more than 5 years of experience and the following professional qualifications			Status of independence (Note 2)								As independent director to other IPO companies	Remark
		Lecturer of the above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	Passed the qualification examination with proper licensing by the national government as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Commerce, law, finance or as required by the Company	1	2	3	4	5	6	7	8		
Independent Director	Yang, Cheng-Li			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Successive June 17, 2015 Re-election
Other	Cai, Zheng-Zhe			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Successive June 17, 2015 Re-election
Other	Wu, Jie-Xin			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Successive June 17, 2015 Re-election

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

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

(1) Not an employee of a bank or its affiliates.

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

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

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

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

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

(7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the bank or a spouse to the aforementioned persons.

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

2. The powers and jurisdiction of the Compensation Committee

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

3. The operation of the Compensation Committee

(1) The Company's Compensation Committee consists of three members.

(2) The duration of this term: June 17, 2015 to June 16, 2018. In 2017, the Compensation Committee held 4 committee meetings (A). The attendance record of members is as follows

Title	Name	Actual attending B	Authorized attending	Ratio of actual attending (%) [B/A] (Note)	Remark
Convener	Yang, Cheng-Li	4	0	100%	Successive June 17, 2015 Re-election
Committee	Cai, Zheng-Zhe	4	0	100%	Successive June 17, 2015 Re-election
Committee	Wu, Jie-Xin	4	0	100%	Successive June 17, 2015 Re-election
Other matters that should be documented: I. Recommendations of the Compensation Committee rejected or modified by the Board: None II. Resolutions of the Compensation Committee that met opposition or reservation from members and have been documented: None.					

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

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

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

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

CSR Policy

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

   CSR goals and effectiveness

Term	Goals	Practice and Effectiveness
•Short	•Optimize environmental and safety policies and commitments •Ensure compliance with customer and environmental requirements of products. •Strengthen employee awareness and the urgency of environmental protection and spread from the enterprise through the family to society from: Love for Earth with True Environmental Protection.	•Passed ISO14000 and OHSAS 18001 certification and optimized environmental surveillance and employee work environment. •Focused on the R&D and innovation of green product and green technology and produced high-quality products to satisfy customers. •Activated the 2009 Green Action Plan for employees to fully understand the importance of sustainable environment •Established the Gigabyte to Green Club to proactively launch the "One Thousand Miles" volunteer campaign. A total of 588.8kg of plastic garbage has been collected so far.
•Medium	•Promote business ethics and CSR •Establish the organization level GHG and product carbon footprint performance indicator system •Continuingly reduce the carbon emissions and environmental impacts of products.	•Published the CSR report on an annual basis and the code of business conduct in 2010. •Began promoting ISO14064 GHG inventory in 2009. With 2009 as the base year, the Group has reduced emissions by 39.83% by 2015. •Expanded the scope of GHG inventory to Scope 3 in 2015. •Implemented LCA assessment on all products to develop a product EIA system and database.
•Long	•Share value with society toward a social enterprise through "Upgrade Your Life" •Create customer value and eco-friendly products to build a green brand.	•Completed the development of a green cloud platform to reduce energy and resource consumption with the supply chain and build Gigabyte's sustainable value chain. •Promoted SROI assessment in 2016 to valuate Gigabyte's social influence. •Promoted the Green Action Plan 2.0 to extend Gigabyte's value sharing.

Major CSR Events:

- 2009 Established the Gigabyte Sustainable Development Committee to make commitments to promote sustainable development.
- 2009 Activated the "Green Action Plan from the Heart" to plan short-, medium-, and long-term strategies to confirm sustainable development goals.
- 2009 Organized the "Gigabyte Technology Environmental Policy Presentation" and held supplier conferences to explain Gigabyte's environmental policy to work for environmental protection together with suppliers.
- 2009 Organized a conference on the "Promotion Procedure for Product Carbon Footprint Declaration".
- 2010 Published Gigabyte's first sustainability report to disclose ESG performance and demonstrate the company's determination to promote sustainable development.
- 2011 Invited employees to make commitments to contribute to mitigate climate change.
- 2011 Organized the "Green Ideas" creativity activity to encourage total participation, multiple development, and energy saving education to disseminate sustainable development.

- 2012 Awarded the "Industrial Sustainable Excellence Award" at the 13^{th} Industrial Sustainable Excellence Awards organized by the Industrial Development Bureau, Ministry of Economic Affairs.
- 2012 Developed the sustainable supply chain evaluation to extend CSR, environmental protection, labor rights, fair commercial practice, supply chain responsibility, and social and local contributions, so as to work for a sustainable future.
- 2012 Promoted the recycling of waste electrical and electronic equipment at all service locations regardless of brands to reduce load and hazards on the environment.
- 2013 Organized the "Green Product Innovation" activity to set the foundation toward sustainable development based on sustainability, innovation, and value.
- 2013 Pioneered the green roof on office buildings for protecting Earth and promoting employee health by growing trees to promote sustainability and environmental education.
- 2013 Formed the volunteer service team, Gigabyte Green Club, to promote enterprise volunteer service for the environment and society.
- 2013 Promoted the "eco working holiday" to contribute ourselves to realize environmental protection to protect our home.
- 2013 Awarded the "Excellence Award for Energy-Saving & Emission Reduction Mark" in the office category by the Environmental Protection Administration, Executive Yuan.
- 2014 Organized the "Meeting Green Happiness" serial activities: family guided tour, family painting competition, and eco-photography contest to indigenize environmental protection and sustainable development in daily life.
- 2014 Ranked the top 18^{th} in the large enterprise category in the "Excellence in Corporate Social Responsibility Survey" organized by the *CommonWealth Magazine* and the TCSA Climate Leader Award.
- 2014 Awarded the "Excellence Award for Environmental Education in New Taipei City" in the private sector category.
- 2014 Organized the "Reducing Operational Risk in Green Supply Chain and the Waste of Resources" conference to emphasize product responsibility, so as to create a win-win situation with suppliers.
- 2014 Promoted the GMCP (Green Material Cloud Platform) with Green Share Technology to reduce the management risk of hazardous substances, enhance management efficiency, and cope with future legal trends.
- Organized the GMCP supplier conference to work for environmental protection with suppliers.
- 2015 Won the "Excellence Award" in the private sector category of the National Environmental Education Awards.
- 2015 Promoted the legislation of green roof and built the urban eco-corridor to reduce the urban heat island effect and relieve electricity consumption at summer peak hours to reduce the demand for nuclear energy.
- 2015 Rated as the top 30 in CSR in the CSR Survey conducted by the *Global View Magazine*.
- 2015 Ranked Taiwan's top 36^{th} enterprise and top 17^{th} in the social aspect at the Excellence in Corproate Social Responsibility Award by *CommonWealth Magazine*.
- 2016 Ranked Taiwan's top 40^{th} enterprise and top 16^{th} enterprise in the electronics industry in the CSR Survey by *Global View Magazine*.
- 2016 Ranked Taiwan's top 32^{nd} enterprise and top 14^{th} in the environmental aspect at the Excellence in Corproate Social Responsibility Award by *CommonWealth Magazine*.
- 2016 10^{th} Excellent Enterprise Award by the Taoyuan City Government.
- 2017 The Global View Magazine released the "CSR Survey 2017", which listed Gigabyte the top 40th enterprise and the winner of the award of Model Enterprise in Electronics industry.

- 2017 The Common Wealth Magazine listed Gigabyte the top 18th enterprise and the winner of "Corporate Citizenship Awards 2017".
- 2017 Gigabyte was awarded "TCSA Climate Leadership Award 2017" (There were only ten enterprises winning the award, listed as Taiwan Top 50 Sustainable Enterprise (including 9 enterprises in the technology industry, and Gigabyte ranked the 6th place) and awarded Top 50 Sustainable report Gold Medal.
- 2017 Gigabyte was awarded "2017 ISO 14001+ Award Model Enterprise in Environmental Performance".

Gigabyte CSR Report: http://csr.gigabyte.tw/Home

Gigabyte Education Foundation

"Gigabyte Education Foundation aims to promote science and technology education, arts, and humanities; upgrade people's life; create a harmonious and progressive society." By promoting activities for science and technology education, innovation, arts, humanities, and the care for vulnerable groups, Gigabyte realizes its goal to contribute society. Gigabyte also encourages employees to engage in charity and social service so as to upgrade the life of people around us.

Talent cultivation: "Talents are the biggest assets of Taiwan." In talent cultivation, we set different foci for different stages. Through visits, on-site tours, and technology to school PC-DIY, we enable students to explore computers. By organizing design contests, we improve Taiwan's IT product design capacity and provide students who wish to become a designer in the future with a best practice experience for talents to demonstrate their value.

Community building: To Gigabyte, our responsibility is to voluntarily contribute to local communities and make the living environment better. Through activities including blood donation, thick clothes for winter, greenery and street adoption, and PC classes, we enable employees to feel the happiness to help others and upgrade the life of people around us because of our involvement.

Social donation: From Gigabyte, we extend the concept of "care for society and sustainable development" to society. Our social donations are comprehensive, such as the "Love from Gigabyte: Year-end Charitable Donation", donations for serious disasters, medical donations, and computer equipment donations.

Arts and culture promotion: Gigabyte has been sponsoring art and cultural activities over time in various ways. Through activities such as the Upgrade Your Life Gallery, art appreciations, Upgrade Your Life Talk, and leisure literature, we encourage employees to subscribe and participate in various art and cultural activities.

Agricultural product subscription: Internally, we organize group buying activities of agricultural products directly from farmers from time to time to help them get rid of exploitation and thereby create a win-win model with them.

CSR Implementation:

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

Indicator	Implementation			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
			suppliers at supplier conferences held from time to time. The Guideline covers the rules governing employee conduct, an equal and safe work environment, protection of organizational assets, external business activities, legal compliance, and fulfilment of social responsibility to specify employee conduct. Moreover, we include the effectiveness of relevant education and training activities as part of employee evaluation to ensure fair reward and punishment for employees.	
2. Development of sustainable environment (1) Is the Company dedicated to improving the utilization efficiency of resources and use of recycled materials that have low impact on the environment? (2) Has the Company established a suitable environmental management system based on the features of the industry? (3) Does the Company pay attention the influence of Climate Change on the operation of the Company, conduct GHG inventories, and has it drafted a policy for energy conservation, carbon reduction and GHG reduction?	√		(1) Right at the product design stage, our Company begins to consider probable environmental impacts and designs products from the viewpoint of "minimizing environmental load" to realize an eco-design from the source to end-users. Our Company is also committed to implementing factory waste reduction and recycling to reduce resource depletion. Per capita power consumption in 2017 was reduced to 6.95 (1000 kWh/per person) compared the standard 9.64 in 2009. With an average of 55.7 metric tons for each person, there was a 17.98% reduction compared with the average water consumption in 2010. (2) The Company passed ISO 14001 environmental management system certification in 2003. Up to now, the Company enforces control with PDCA regulations. (3) Global warming and climate change are the most urgent and the most concerning problems	Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.

Indicator	Implementation			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
			in the world today. Gigabyte Technology deeply agrees that enterprises are entrusted with the task of protecting the Earth, responding to the climate change is the key link to the enterprise's sustainable operation. From day-to-day operations, product research and development to providing services, those measures are to actively reduce environmental impact and continuously put efforts on fulfilling the green production target. In the face of climate change, Gigabyte Technology has established the Green Sustainable Development Committee and the Green Energy Plan for implementing management strategy in the five directions as follows: 1. Trend Mastery: Monitoring the risk issues in regard to climate change management. 2. Current situation analysis and prevention: Current inventory operation status and the fulfillment of management targets. 3. Product Management and Innovation: Mastering market trends and developing innovative products. 4. Environmental education: To create environmental protection atmosphere and establish the internal concept in regard to environmental sustainability. 5. Innovation Management Program: Urban adjustment and adaptation action, building up new pipe Strategy.	

Indicator	Implementation			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
3. Protection of social welfare (1) Has the Company drafted management policies and procedures in accordance with the relevant laws and international conventions on human rights? (2) Has the Company established employee grievance mechanisms and channels? Are complaints handled properly? (3) Does the Company provide employees with a safe and healthy work environment? Do employees receive regular safety and health education? (4) Has the Company established a mechanism for regular employee communications and does it notify employees of changes that may have a major impact on operations in a reasonable manner? (5) Has the Company established an effective career development plan for employees? (6) Has the Company drafted consumer protection policies and a grievance mechanism based on its R&D, purchasing, production, operating and service processes? (7) Does the Company conform to the relevant international laws and standards on the marketing and labeling of products and services? (8) Does the Company evaluate the past environmental and social record of the suppliers it deals with? (9) Do the Company's contracts with its suppliers include clauses for immediately suspension or termination if the supplier violates its CSR policy, and has a significant impact on the environment	√		(1) Gigabyte embraces the philosophy of "A happy workplace for a better life". We believe that every employee should be treated equally and with respect. We strive to uphold and respect internationally recognized human rights (including the UN Declaration of Human Rights, and the International Labor Organization's core labor standards) such as freedom from discrimination and abuse, illegal employment, and promises to abide by the highest ethical standards in our compliance with local laws and the 《Responsible Business Alliance (RBA) Code of Conduct》 (formerly named as Electronic Industry Citizenship Coalition (EICC) Code of Conduct). We also request suppliers to comply with the 《Responsible Business Alliance (RBA) Code of Conduct》 so as to fulfill CSR together. We have therefore defined various management policies and procedures including the "Employee Code of Conduct", salary & benefits, training & development, attendance system, business travel management, labor safety and more. (2) We operate employee forums, suggestion boxes, the chairman's mailbox and the CSR mailbox. Dedicated personnel are assigned to answer and process employee feedback to ensure smooth internal communications. In addition, our Company has established the Code of Employee Conduct, where unethical acts are detected,	Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.

Indicator	Implementation			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
and society?			employees can direct report to the special reporting mailbox. (3) Gigabyte has passed ISO 14001 and OHSAS 18001 certification. Work environments are tested every 6 months to ensure work environment safety. The Company also arranges annual employee health exams and organizes occupational safety and first aid training, fire evacuation training, emergency response training, art and culture talks, as well as workshops on health topics conducted by experts to improve employee health awareness. In 2015, the launched of a comprehensive integration strategy of the Employee Assistance Program (EAP), which assisted employees to deal with various intangible personal, family, life or work pressure. It's hoped that through active care and timely assistance, each colleague can keep the best physical and mental state at any time, welcome each day happily and deal with the source of pressure with positive thinking to maintain working efficiency and quality. (4) The Company conducts employer-employee communications through quarterly meetings. Performance evaluations are also conducted every 6 months, allowing managers and employees to review their performance and discuss any problems at work. All Company operations are in sound form with no major changes	

Indicator	Implementation			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
			(5) Our employees are assigned to positions that suit their personal interests so they can develop in the most suitable manner. New employees receive 1-day of orientation training as well as other internal or external specialist training based on their job requirements. Managers also take part in the "Groups Consensus Conference" and management competency courses every year so they can continue to strengthen their professional know-how and make the Company more competitive. These include: management competency, core competency, foreign languages, external training, the e-learning system and library. (6) Our Company follows a consumer-oriented business philosophy that starts with product development. The ultra-durable motherboards and display cards all use the best quality materials to guarantee product performance and stability over time; we offer 4-year warranty on all motherboards and have established a comprehensive worldwide service network to provide fast and supportive after-sales service. Consumers can give their feedback via e-mail or telephone, and there are dedicated departments in Taiwan, China and overseas for handling consumer product inquiries and complaints. 1.Customer Service: Technical support hotline in Taiwan: 0800-079-800; service website in Taiwan: http://service.gigabyte.tw/.	

Indicator	Implementation			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
			2. Investors: Stock Affairs Department Hotline: (02)8912-4000 ext1042 Email：stockholder@gigabyte.com 3.Suppliers: Gigabyte CSR email: CSR@gigabyte.com (7) Our Company has defined standard guidelines and rules governing our Corporate Identity (CI). All materials that make use of CI must be inspected by the responsible units whether they were produced internally or externally before being approved for distribution. The marketing and labeling for all products and services conform to the principle of honesty and disclosure as well as the relevant laws and international rules. This gives consumers a full understanding of our company's products and services. (8) The company regards the supplier as a long-term partner in order to jointly establish a stable and sustainable supply chain. Gigabyte Technology Group requires all First-Tier suppliers to build an environmental management system. At present, all Gigabyte's First-Tier suppliers are verified by ISO14001 verification. In terms of products, all suppliers should comply with Gigabyte Eco products requirements as well as International standards, such as EU RoHS Directive and REACH Decree; in addition, the Supplier Assessment Form including corporate social responsibility management, environmental protection, labor practices and	

Indicator	Implementation			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
			human rights, fair business practices, supply chain responsibility, social and local contributions. Suppliers are urged to respect internationally recognized human rights and focus on global environmental issues to optimize the reduction of product life cycle to the society and together create the sustainable supply chain's corporate social responsibility. (9) This clause is not explicitly included in our current supplier contracts but if a supplier is in violation of its CSR policy with significant environmental and social impacts, their rating will be reduced during routine supplier evaluations. Suppliers will be switched when they are rated grade "D" for three consecutive months and fail to pass the evaluation in the fourth month after our guidance. Suppliers causing severe damages to this Company for gross negligence will be disqualified after discussions by the head of related units. A disqualified supplier cannot re-apply for a Gigabyte supplier in the next six months.	
4. Greater information disclosure (1) Does the Company disclose relevant and reliable CSR-related information on its website and the Market Observation Post System website?	√		(1) Our Company publishes the CSR report on a regular basis. We also disclose our progress on CSR promotion and sustainable development on the CSR website and Market Observation Post System website at different times.	Conforms to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.
5. If the Company has drafted its own corporate social responsibility guidelines according to "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies," the Company should clarify the difference between its operation and the codified principle: Our Company has already codified the corporate social responsibility policies in our CSR report. In order to perform our duty as a corporate citizen and demonstrate our commitment to stakeholders including employees, shareholders, the government, customers, suppliers, communities and				

Indicator	Implementation			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
non-profit organizations, we strive to improve the efficiency of our energy and resource use, eliminate hazardous substances, produce zero waste and emissions as our goal, while also implementing clean production and strengthening sustainable supply chain management. We are continuing to push for sustainable development based on the highest ethical standards and guidelines. These include the development of low-carbon technology and green products with the goal of becoming a green brand. All employees are encouraged to embrace "technological innovation and reliable quality" in caring for the environment and ecology to achieve symbiosis with planet Earth. We therefore already conform to the requirements of the "CSR Best-Practice Principles for TWSE/GTSM-Listed Companies".				
6. Other pertinent Information that helps the general public understand CSR operations: (1) Please visit our CSR website at http://csr.gigabyte.tw/Home for more infomraiton about our CSR practice and susintabble development.				
7. If the Company's products or the Corporate Social Responsibility Report have been certified by authoritative certification agencies, the certification should be disclosed: The company's enterprise Sustainable Development Report has been edited in accordance with GRI Standard: Core options and the Code of Practice for Corporate social responsibility of the listed company at stock exchange market and the listed company at over-the-counter market as well as the reference of ISO26000, the United Nations Global Covenants principles, the United Nations Sustainable Development goals and other international norms to disclosure of the results of the company's commitment, strategy and management policy regarding the sustainable development of the Enterprise during the reporting period. The financial data disclosed in this report are publicly available through our audited annual reports. The ISO14064 organization level GHG inventory and reduction data, ISO 14001, OHSAS 18001, and QC080000 were all certified by SGS Taiwan. The indicators encompass our Xindian headquarters, Taoyuan Nanping plant, China Ningbo plant and China Dongguan plant as detailed in the report.				

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

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

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

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

Indicator	Operation			Variation from Corporate Governance Best Practice Principles, and Reason
	Yes	No	Summary	
5. If the Company has drafted an ethical management principle according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies," the operation of the principle and the deviation from the principle should be clearly stated: Our Company has not drafted our own ethical management principles. If required by law or necessity, we will refer to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and the relevant laws.				
6. Other material information that helps to understand the operation of the Company's ethical management (such as the Company's declaration of its resolve and policies to its business partners; the Company's invitation of training to its partners; and the Company's revision of its ethical management principles): None				

(VII) If the Company has codified corporate governance guidelines and applicable regulations, the Company should disclose the method by which such regulations can be accessed: http://csr.gigabyte.tw/Home/content/190

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

(IX) Status of Enforcement of Internal Control System:

Gigabyte Technology Co., Ltd.
Statement of Internal Control

Date: March 15, 2018

Gigabyte Technology Co., Ltd. has conducted an internal audit in accordance with its Internal Control Regulation covering the period from January 1 to December 31, 2017 and hereby declares as follows:

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

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

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

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

V. Based on the aforementioned audit findings, the Company holds that it has reasonably preserved the achievement of the aforementioned goals at December 31, 2017(including the monitoring over the subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective.

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

VII. This statement of declaration has been approved unanimously by the Board in a session held on March 15, 2018 with the presence of eight directors (including proxies).

Gigabyte Technology Co., Ltd.

Chairman: Yeh, Pei-Chen

President: Liu, Ming-Hsiung

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

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

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

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

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

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

Date	Significant Agenda	Implementation
2017.06.14	1. Recognize our Company's business report and financial statements from 2016.	Approved.
	2.Recognize our Company's earnings distribution for 2016.	Approved. 2017.7.12 has been ratified as the stock dividend distribution date, and the cash dividend has been distributed on 2017.8.8
	3.Approval of amendments of "acquisition or disposal of assets operations and process procedure" 4.Approval of revised "endorsement guarantee operating procedure"	Approved. The agenda has been carried out as resolved in the shareholders' meeting.
	5.Approval of cash payments by capital accumulation	The resolution decided that the cash assignment is issued on the same schedule as 2016 annual surplus assignment.

2. Important Resolutions of Meetings of the Board of Directors

Date	Important Resolution
2017.01.13	Determination of the base date for converting "Employee Stock Option Certificates issued in 2007 (First)" into common stocks issued for cash.
	Continuation of loan transactions with HSBC Bank (Taiwan) Limited.
	Approval of the 2017 accountant assignment and remuneration review.
2017.03.14	The Company's 2017 budget.
	Approval of the 2016 employee compensation and director remuneration distribution.
	Approval of the 2016 individual and consolidated financial statements.
	Amendment of the Company's "Asset Acquisition and Disposal Operation and Disposition Procedure".
	Amendment of the Company's "Endorsement and Guarantee Operating Procedure".
	Amendment of the Company's "Rules of Procedure for Shareholder Meetings".
	Determination of the date, place, and proposals of the 2017 AGM.
	Statement of compliance of the internal control system for 2016
2017.04.17	Approval of the Company's 2016 profit distribution proposal
	Approval of the Company's cash distribution with capital reserve
	Approval of additional proposals for the 2017 AGM.
2017.05.15	Approval of evaluation and suggestions to 2016 distribution of remuneration to directors
2017.06.14	Resolution of the company's proposal of continuing the credit transactions with China Trust Commercial Bank (CTBC Bank).
	Scheduled the 2017 basis date of ex-dividend for stocks
	Scheduled the 2017 basis date of additional paid in capital by issuing cash
	Resolution of the company's cancellation of the endorsement guarantee to Cloud Ride Limited
2017.08.14	Scheduled the basis date of company's "2007 the first time of employee stock option certificates" transferred to ordinary shares
	Resolution of the company's proposal of continuing the credit transactions with HSBC Bank (Taiwan) Limited
	Revised the company's "audit committee organizational regulations" proposal
	Revised the company's "rules of procedure for Board of Directors" proposal
	Resolution of the acquisition of Australian real estate proposed by channel and motherboard business unit
2017.11.14	Scheduled the basis date of company's "2007 the first time of employee stock option certificates" transferred to ordinary shares
	Resolution of the company's proposal of continuing the credit transactions with Xindian Branch of Mega International Commercial Bank

Date	Important Resolution
	Resolution of the company's proposal of continuing the credit transactions with Beixin Branch of Chang Hwa Commercial Bank
	Resolution of the company's Russian Office certification registration and MD authorization updates.
	The evaluation of the company's CPA independence
	Approval of 2018 Audit Plan
2018.1.16	Scheduled the basis date of company's "2007 the first time of employee stock option certificates" transferred to ordinary shares
2018.3.15	The company's 2018 Budget proposal
	Resolution of 2017 the distribution of remuneration to employees and directors
	Resolution of 2017 individual and consolidated financial reports
	Revision of the company's "Articles of Incorporation"
	Resolution of the company's election of the directors
	Resolution brought to the Board of Directors to approve the list of Directors (including independent directors)
	Resolution of 2018 shareholder's regular session regarding the date, location and agenda
	Resolution of 2018 shareholder's regular session regarding the place and period accepting shareholder's proposal
	Resolution of 2018 shareholder's regular session regarding the period, numbers of nominated directors (including independent directors) and the place of accepting the application
	Resolution of the company's 2018 Certified Public Accountants (CPA) entrust and remuneration
	Revision of the company's "measures of allowance for doubtful debts, after-sales service guarantee and inventory loss" proposal
	Resolution of possible impact by the International Financial Reporting Standard 16 (IFRS 16) regarding "leasing"
	2017 Annual Internal Control System declaration
2018.04.17	Approval of the Company's 2017 profit distribution proposal
	Resolution brought to the Board of Directors to review the list of Directors (including independent directors)
	Resolution to remove the restrictions on prohibition of new director of the company from the competitor

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

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

IV.Information regarding auditing fee:

In NTD 1,000

Scale \ Items		Auditing Fee	Non-audit fee	Total
1	Below NTD2,000			
2	NTD2,000-NTD4,000		✓	3,157
3	NTD4,000-NTD6,000			
4	NTD6,000-NTD8,000			
5	NTD8,000-NTD10,000			
6	More than NTD10,000	✓		11,383

Fees paid to CPAs

In NTD 1,000

CPAs firm	CPAs name	Auditing fee	Non-auditing fee					Audit Period	Note
			System design	Registration with industrial and commercial administration authorities	Human Resources	Other (Note 2)	TOTAL		
PWC Public Accountants	Xiao, Chun-Yuan	11,383		200		2,957	3,157	Whole Year (2017)	Non-audit expenses includes expenses for transfer pricing, advance pricing arrangements and change registration
	Wang, Fang-yu								

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

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

V.Information regarding replacement of CPAs: None.

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

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

Title	Name	2017		By April 13, 2018	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Chairman and CEO, Gigabyte	Yeh, Pei-Chen	2,000,000 (380,000)	4,950,000 (1,752,000)	0	0
Vice Chairman	Ming Wei Investment Co., Ltd. Representative: Liu, Ming-Hsiung	0	0	0	0
Director	Yuei-yei Kai Fa Investment Ltd. Representative: Tseng, Chun-Ming	0	0	0	0
Director	Shih-Chia Investment Co., Ltd. corporate representative: Ma, Mou-Ming	0	0	0	0
Director	Shih Dah Investment Co., Ltd. corporate representative: Ko, Cong-Yuan	0 (2,117,000)	0 (2,500,000)	0 (372,000)	0
Independent Director	Yang, Cheng-Li	0	0	0	0
Independent Director	Chan, Yi-Hung	0	0	0	0
Independent Director	Huang, Wen-lai	0	0	0	0
Gigabyte Senior Vice President	Ma, Mou-Ming	0	0	0	0
Executive VP of Gigabyte President of Channel Solution BU	Liu, Ming-Hsiung	0	0	0	0
Manufacturing Business Unit Senior VP	Cheng, Chun-Ming	0	0	0	0
Senior VP and President of Mobility Product BU	Lin, Hua-Yuan	3,193,605 (3,403,000)	0	0	0
Network and Communications Business Unit President	Lee, E-Tay	0	0	0	0
Manufacturing Business Unit President	Meng, Hsian-Ming	223,365 (276,000)	0	0	0
Channel Solution Business Unit Senior Special Assistant	Hong, Wen-Chi	0	0	0	0

Title	Name	2017		By April 13, 2018	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
CFO, Operations Management Center and Financial & Accounting HQ	Chen, Chun-Ying	0 (20,000)	0	0	0
Oversea management, Group Resource Mgmt. Center Vice General Manager of the US Platform	Lu, Zheng-Wei	0 (37,936)	0	0	0
C.O.O., Operation Management Center	Bai, Guang-Hua	0 (101,849)	0	0	0
Group Resource Mgmt. Center, Vice President and Special Assistant to the President	Chen, Jin-Ting	0 (9,000)	0	0 (2,000)	0
Network and Communications Business Unit Product Center AVP	Chen, Zhang-Xiang	0	0	0	0
President's office, manager special assistant	Chen, Shi-Cheng	0	0	0	0
Chief Technology Officer, Network and Communications BU Product Center	Hou, Chi-ren	120,000 (9,000)	0	0	0
President's office, special assistant to president	Kao, Han-yu	0	0	0	0
Channel Solution Business Unit M/B Research& Development Center, Vice General Manage	Chen, Chen-shun	0 (20,000)	0	0	0
Channel Solution Business Unit, Service and Sales Marketing Center, America& Asia Platform, Senior AVP	Liao, Chi- Li	225,000 (5,000)	0	0 (17,000)	0

Title	Name	2017		By April 13, 2018	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Channel Solution Business Unit, Service and Sales Marketing Center, Europe Platform, Senior AVP	Hsiao, Wen-Ta	0	0	0	0
Channel Solution Business Unit, Service and Sales Marketing Center, China Platform, Senior AVP	Liu, Wen- Chung	300,000 (300,000)	0	0	0
Channel Solution Business Unit, M/B Research& Development Center, software office, AVP	Deng, Yi-Ming	0 (50,000)	0	0	0
Channel Solution Business Unit, M/B Research& Development Center, Firmware Division II, Senior AVP	Tseng, Wei-Wen	200,000 (200,000)	0	0	0
Channel Solution Business Unit, M/B Research& Development Center, AVP	Liao, Che-Hsien	80,000 0	0	0	0
AVP Mobile Product BU Mobile Product Center	Lan, Jun-Kun	0	0	0	0
Network and Communications Business Unit Product Center AVP	Chen, Yun-Di	0 (56,000)	0	90,084 0	0
AVP Overseas Manufacturing Dongguan Gigabyte Ningbo Gigabyte	Ko, Wei-Ti	0	0	0	0
Operation Management Center Legal and IP Affairs Div.,General Counsel	Chiu, Chih-Peng	0	0	0	0
Manufacturing Business Unit Chief Engineering Division AVP	Sun, Wu-Hsiung	49,571 (30,000)	0	0	0

Title	Name	2017		By April 13, 2018	
		Change in the quantity of shares held	Change in the quantity of shares under lien	Change in the quantity of shares held	Change in the quantity of shares under lien
Vice General Manager, Channel Solution Business Unit, Gaming Products Research &Design Center	Huang, Shun-Chih	0	0	0	0
Vice General Manager, Channel Solution Business Unit, Sales and Marketing Center	Lin, Ying-Yu	0	0	0	0
AVP, Customer Service Center	Lin, Chi-ching	0	0	0	0
AVP, Product Management Division, Mobile Product BU	Liu, Yu-chuan	0	0	0	0

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

Name	Reason for equity transfer	Transaction date	Counterparty	The relationship between the counterparty and the director, supervisor or shareholder who holds more than 10% of the Company's shares	Number of shares	Price (TWD)
Liu, Wen-Chung	Gifting	2017.04.20	Zhu, Cheng Hong	Spouse	300,000	40.45

VIII.Top ten shareholders and relationship between the shareholders

NAME (*1)	HAREHOLDINGS BY SELF-OWNED		SHAREHOLDINGS BY SPOUSE AND UNDERAGE CHILDREN		SHAREHOLDINGS UNDER THE TITLE OF A THIRD PARTY		TOP 10 OF SHAREHOLDERS TO CONFORM TO THE ROC STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 3		REMARK
	Shares	Ratio	Shares	Ratio	Shares	Ratio	Name	Relation-ship	
Liu, Ming-Hsiung	41,168,918	6.48%	4,592,370	0.72%			Ming Wei Investment Co., Ltd.	Director	
							Xi Wei Investment Co., Ltd.	Director	
Yeh, Pei-Chen	30,151,237	4.74%	5,821,063	0.92%			Ming Wei Investment Co., Ltd.	Director	
							Xi Wei Investment Co., Ltd.	Chairman	
Ma, Mou-Ming	23,620,024	3.72%	470,914	0.07%					
HSBC is entrusted to manage Roche Capital Growth Fund	18,186,000	2.86%							
Ming Wei Investment Co., Ltd.	14,062,200	2.21%					Liu, Ming-Hsiung	Director	
							Yeh, Pei-Chen	Director	
Representative: Yang, Xue-Qing	3,822,579	0.60%	41,938,709	6.60%					
Citigroup Inc. is entrusted USA Citi Private to manage Eaton Asia Fund	12,792,000	2.01%							
HSBC Bank (Taiwan) Limited is entrusted to manage Morgan Stanley International Limited Investment Account	9,872,433	1.55%							
Shi Da Investment Limited	9,453,000	1.49%							
Representative: Yang, Ya-Ting	9,000	0.00%	36,000	0.01%					
Xi Wei Investment Co., Ltd.	9,063,075	1.43%					Yeh, Pei-Chen	Chairman	
							Liu, Ming-Hsiung	Director	
Representative: Yeh, Pei-Chen	30,151,237	4.74%	5,821,063	0.92%					
Norway Central Bank Investment Custody Account at JPMorgan Chase Taipei	8,830,162	1.39%							

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

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

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

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

December 31, 2017/Unit: share; %

Invested companies	Invested by the Company		Invested by directors, supervisors, managers, or by direct or indirect subsidiaries		Total investment	
Item	**Quantity of shares**	**Proportion of holdings**	**Quantity of shares**	**Proportion of holdings**	**Proportion of shares**	**Proportion of holdings**
G.B.T., Inc.	54,116	48.63%	57,169	51.37%	111,285	100%
G.B.T. Technology Trading GmbH	0	100%	0	-	0	100%
Freedom International Group Ltd.	142,671,692	100%	0	-	142,671,692	100%
Charleston Investments Limited	0	-	57,032,141.68	100%	57,032,141.68	100%
Dongguan Gigabyte Electronics Co., Ltd.	0	-	0	100%	0	100%
GBT Tech. Co. Ltd.	800,000	100%	0	-	800,000	100%
Chi-Ga Investment Co., Ltd.	197,500,000	100%	0	-	197,500,000	100%
G.B.T. LBN Inc.	0	-	0	100%	0	100%
Gigatrend Technology Co., Ltd.	0	-	17,500,000	100%	17,500,000	100%
Giga Future Limited	0	-	82,819,549.00	100%	82,819,549.00	100%
Ningbo Gigabyte Co., Ltd.	0	-	0	100%	0	100%
Ningbo Best-Yield Repair and Maintenance Co., Ltd.	0	-	0	100%	0	100%
Ningbo Gigabyte International Trading Co.	0	-	0	100%	0	100%
Giga-Byte Technology B.V.	8,500	100%	0	-	8,500	100%
Gigabyte Technology France	0	-	20,000	100%	20,000	100%
Giga-Trend International Investment Group Ltd.	0	-	67,323,000	100%	67,323,000	100%
Ningbo Zhung Jia Technology Trading Co., Ltd.	0	-	0	100%	0	100%
Gigabyte Technology Pty. Ltd.	2,400,000	100%	0	-	2,400,000	100%
Aorus Pte. Ltd.	0	-	3,073,000	100%	3,073,000	100%
Chi-Ga Communications Co., Ltd.	2,145,880	99.86%	0	-	2,145,880	99.86%
Giga-Trend International Management Group	0	-	600,000	60%	600,000	60%
Gigabyte Technology (India) Private Limited	4,600,000	100%	0	-	4,600,000	100%
G-Style	72,000,000	100%	0	-	72,000,000	100%
GIGAZONE Technology Co., Ltd.	625,563	100%	0	-	625,563	100%
Giga Advance (Labuan) Limited	0	-	10,000	100%	10,000	100%
Nippon Giga-Byte Corp.	1,000	100%	0	-	1,000	100%
Gigabyte Technology Poland SP Z.O.O.	0	-	100	100%	100	100%
Gigabyte Technology ESPANA S.L.U.	5,000	100%	0	-	5,000	100%
Gigabyte Global Business Corporation	1,000	100%	0	-	1,000	100%
Gigabyte Information Technology Commerce Limited Company	8,000	100%	0	-	8,000	100%
Gigazone Holdings Limited	0	-	34,500	100%	34,500	100%
Giga Zone Technology(Shenzhen) Limited	0	-	0	100%	0	100%
Gigabyte Technology LLC.	168,000	100%	0	-	168,000	100%
Gigabyte Trading Inc.	0	-	50,000	100%	50,000	100%
Senyun Precise Optical Co., Ltd.	0	-	41,657,077	71.57%	41,657,077	71.57%
Cloud Ride Limited	0	-	3,300,000	100%	3,300,000	100%
OGS Europe B.V.	0	-	3,000	100%	3,000	100%
Green Share Co., Ltd.	0	-	816,000	51%	816,000	51%
Shenzhen Best Yield Service Co., Ltd.	0	-	0	100%	0	100%
Selita Precision Co., Ltd.	0	-	5,000,000	100%	5,000,000	100%
SenYun Precision Optical (Dongguan) Co., Ltd.	0	-	0	100%	0	100%
Gigaipc Co., Ltd.	0	-	100,000	100%	100,000	100%

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

Four. Equity Capital and Shares

I.Equity capital and shares

(I)Sources of equity capital

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

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

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

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

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

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

Types of shares

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

Information of overall declaration system: Nil.

(II)The structure of shareholdings

April 13, 2018

Shareholder / Quantity	Government agencies	Financial institutions	Other institutional investors	FINI and FIDI	Natural persons	Treasury stock	Total
Number of shareholders	0	11	115	430	40,233	0	40,789
Quantity of shares held	0	8,367,673	79,687,618	306,204,252	241,429,343	0	635,688,886
Proportion of holdings	0.00%	1.32%	12.54%	48.16%	37.98%	0.00%	100.00%

(III)The diversification of shareholdings

Face amount at NTD10/share April 13, 2018

Ranking of shareholding	Number of shareholders	Quantity of shares held	Proportion of holdings
1-999	16,074	2,662,868	0.42%
1,000-5,000	20,123	41,287,425	6.49%
5,001-10,000	2,490	19,150,822	3.01%
10,001-15,000	666	8,325,585	1.31%
15,001-20,000	349	6,450,869	1.01%
20,001-30,000	294	7,406,842	1.17%
30,001-40,000	141	5,055,019	0.80%
40,001-50,000	94	4,363,427	0.69%
50,001-100,000	155	11,053,872	1.74%
100,001-200,000	128	18,942,259	2.98%
200,001-400,000	86	24,338,940	3.83%
400,001-600,000	40	19,902,483	3.13%
600,001-800,000	33	22,657,090	3.56%
800,001-1,000,000	14	12,696,466	2.00%
1,000,001 and more	102	431,394,919	67.86%
Total	40,789	635,688,886	100.00%

(IV)List of dominant shareholders

April 13, 2018

Shares / Name of dominant shareholders	Quantity of shares held	Proportion of shareholdings
Liu, Ming-Hsiung	41,168,918	6.48%
Yeh, Pei-Chen	30,151,237	4.74%
Ma, Mou-Ming	23,620,024	3.72%
HSBC is entrusted to manage Roche Capital Growth Fund	18,186,000	2.86%
Ming Wei Investment Limited	14,062,200	2.21%
Citigroup Inc. is entrusted USA Citi Private to manage Eaton Asia Fund	12,792,000	2.01%
HSBC Bank (Taiwan) Limited is entrusted to manage Morgan Stanley International Limited Investment Account	9,872,433	1.55%
Shi Da Investment Limited	9,453,000	1.49%
Xi Wei Investment Co., Ltd.	9,063,075	1.43%
Norway Central Bank Investment Custody Account at JPMorgan Chase Taipei	8,830,162	1.39%

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

Subject		Year	2016	2017	By March 31, 2018
Market price per share (Note 1)	Highest		47.35	56.80	77.00
	Lowest		31.55	37.60	52.70
	Average		38.62	41.91	68.30
Net value per share (Note 2)	Cum-dividend		36.26	37.72	-
	Ex-dividend		34.66	(Note 8)	-
EPS	Weighed average number of shares		629,073,542	631,146,444	-
	EPS (Note 3)		3.64	4.41	-
Dividend per share	Cash dividend (Dollar)		2.60(註 4)	4.00	-
	Stock divided	From retained earnings	-	-	-
		From capital reserve	-	-	-
	Accumulated unpaid dividends(Note 4)		-	-	-
Analysis on ROI	P/E ratio(Note 5)		10.61	9.50	-
	P/P ratio(Note 6)		14.85	10.48	-
	Cash dividend yield(Note 7)		6.73%	9.54%	-

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

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

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

Note 4: 2016 Dividend: BOD proposes NT$1/share from capital reserve and NT$1.6/share from retained earnings, for a total of NT$2.6/share in cash.

Note 5: P/E Ratio = Average closing price per share over the year / earnings per share.

Note 6: Price / Dividend Ratio = Average closing price per share over the year / cash dividend per share.

Note 7: Cash Dividend Yield = Cash Dividend per Share / Average closing price per share over the year.

Note 8: To be determined after the resolution from shareholders' meeting.

(VI) Dividend policy and implementation

1. Dividend policy:

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

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

Unit: Share; NTD

Subject	New shares	Amount
Accumulated unpaid income (9,289,336,292) 5% 80%	-	 464,466,815 7,431,469,034
Cash dividend from retain earnings (@$4.0)	-	2,542,755,544

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

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

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

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

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

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

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

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

   There is no difference between the actual distribution amount of 2017 compensation for employees and remuneration for directors resolved by the BOD and the adopted estimates. Where there is a difference between the actual distribution amount and the estimates, the difference will be listed as a loss of the distribution year.

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

The board resolved in favor of the motion presented for the paid out of retained earnings for 2017 and the details are described as follows:

Unit: NTD/share

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

Note: The above amounts are the same as that estimates for 2017.

4. Retained earnings 2016 released as cash dividend to employees and fees for directors and supervisors:

Unit: NTD/share

Subject	Quantity	Amount
Compensation for employee (10%)): Compensation for employee -cash	-	319,977,651
Fees for directors (1.44%)	-	46,000,000

Note: The amounts of remuneration actually paid to the abovementioned employees and directors are consistent with those presented in the financial statements for 2016, i.e. TWD 319,978,000 for employees and TWD 46,000,000 for directors.

(IX) Stock buyback

In 2017 and as of the publication date of the annual report, our company has not bought back treasury stock.

II. Corporate bonds

No corporate bonds that have not expired yet.

III. Status of preferred stock

None.

IV. Condition of GDRs

None.

V. Employee Stock Options

1. Employee Stock Options:

December 31, 2017

Types of employee subscription warrants (Note 2)	First time Employee subscription warrants (Note 5)	Second time Employee subscription warrants (Note 5)
Date of approval from the competent authority	June 17, 2003	December 18, 2007
Date of issuance (Note 4)	-	December 19, 2007
Number of units issued	-	40,000
Subscribable shares issued / total shares issued (%)	-	5.95%
Duration of subscription	-	10 years
Way of exercise (Note 3)	-	Issuance of new shares
Limitation on subscription periods and percentage (%)	-	2 years after warrants granted, subcribable percentage :50% 3 years after warrants granted, subcribable percentage : 80% 4 years after warrants granted, subcribable percentage :100%
Number of subcribable shares exercised	-	33,715,000
Amount of subcribable shares exercised	-	496,443,630
Number of unexercised subcribable shares	-	-
Original subscription price per share for unexercised subcribable shares	-	-
Number of unexercised subcribable shares / Total shared issued (%)	-	-
Effects on shareholders' equity	-	-

Note 1: The progress of employee subscription warrants includes employee subscription warrants issued by public offering and private placement under processing. Public offering employee subscription warrants under processing are those that have become effective by the Board. Private placement employee subscription warrants under processing are those that have been approved by the general meeting of shareholders.

Note 2: The number of fields displayed depends on the number of processing times

Note 3: It should be specified that the shares delivered are shares issued or shares of new issuance.

Note 4: Different issuance dates should be stated separately.

Note 5: Private placement warrants should be marked specifically.

Note 6: The second time of issuing employee stock option certificates has expired on December 18th, 2017. There were 2,972,000 shares of stock options left due to employee turnover and 3,313,000 shares left due to un-executed share options.

2. Employee Stock Options Granted to Management Team and Top 10 Employees with the Highest Grant

December 31, 2017

	Title (*1)	Name	Number of subscribed stock options	Percentage of number of stock options subscribed to number of total outstanding shares[4]	Exercised				Unexercised			
					Number of stock options	Subscription price[5]	Subscription amount	Number of stock options subscribed to number of total outstanding shares[4]	Number of stock options	Subscription price[6]	Subscription amount	Number of stock options subscribed to number of total outstanding shares[4]
Managers	Gigabyte President Chairman	Yeh, Pei-Chen	23,460,000	3.69%	20,295,000	17.39、16.10、14.80、13.68、12.70、11.90 10.90 10.20 9.55	280,898,950	4.42%	-	-	-	-
	Gigabyte, Senior Vice President	Ma, Mou-Ming										
	Executive VP of Gigabyte President of Channel Solution BU	Liu, Ming-Hsiung										
	Manufacturing Business Unit Senior VP	Tseng, Chun-Ming										
	Senior VP and President of Mobility Product BU	Lin, Huo-Yuan										
	Network and Communications BU, President	Lee, E-Tay										
	Manufacturing BU, President	Meng, Hsian-Ming										
	Channel Solution Business Unit Senior Special Assistant	Hong, Wen-Chi										

	Title (*1)	Name	Number of subscribed stock options	Percentage of number of stock options subscribed to number of total outstanding shares[4]	Exercised				Unexercised			
					Number of stock options	Subscription price[5]	Subscription amount	Number of stock options subscribed to number of total outstanding shares[4]	Number of stock options	Subscription price[6]	Subscription amount	Number of stock options subscribed to number of total outstanding shares[4]
Managers	C.F.O., Finance and Accounting Division, Operations Management Center	Chen,Chun-Ying										
	Oversea management, Group Resource Mgmt. Center, Vice General Manager of the US Platform	Lu, Zheng-wei										
	Operation Management Center, COO	Bai, Guang-Hua										
	Group Resource Mgmt. Center, V.P. & Special Assistant to President	Chen,Jin-Ting										
	Network and Communications BU, Product Center, AVP	Chen,Zhang-Xiang										
	President's office, manager special assistant	Chen,Shi-Cheng										
	Network and Communications Business Group, Chief Technology Officer	Hou, Chih-Jen										
	President's office, special assistant to president	Kao, Han-Yu										
	Channel Solution Business Unit M/B Research& Development Center, Vice General Manager	Chen, Chen-Shun										
	Channel Solution Business Unit, Service and Sales Marketing Center, America& Asia Platform, Senior AVP	Liao, Chi- Li										

	Title (*1)	Name	Number of subscribed stock options	Percentage of number of stock options subscribed to number of total outstanding shares[4]	Exercised				Unexercised			
					Number of stock options	Subscription price[5]	Subscription amount	Number of stock options subscribed to number of total outstanding shares[4]	Number of stock options	Subscription price[6]	Subscription amount	Number of stock options subscribed to number of total outstanding shares[4]
Managers	Channel Solution Business Unit, Service and Sales Marketing Center, Europe Platform, Senior AVP	Hsiao, Wen-Ta										
	Channel Solution Business Unit, Service and Sales Marketing Center, China Platform, Senior AVP	Liu, Wen-Chung										
	Channel Solution Business Unit, M/B Research& Development Center, software office, AVP	Deng, Yi-Ming										
	Channel Solution Business Unit, M/B Research& Development Center, Firmware Division II, Senior AVP	Tseng, Wei Wen										
	Channel Solution Business Unit, M/B Research& Development Center, AVP	Liao, Che Hsien										
	Mobile Product BU, Mobile Product Center AVP	Lan, Chun-Kun										
	Network and Communications BU, Platform Product Center, AVP	Chen, Yun-Ti										

	Title (*1)	Name	Number of subscribed stock options	Percentage of number of stock options subscribed to number of total outstanding shares[4]	Exercised				Unexercised			
					Number of stock options	Subscription price[5]	Subscription amount	Number of stock options subscribed to number of total outstanding shares[4]	Number of stock options	Subscription price[6]	Subscription amount	Number of stock options subscribed to number of total outstanding shares[4]
Managers	Overseas Manufacturing Dongguan Gigabyte Ningbo Gigabyte AVP	Ko, Wei-Ti										
	Operation Management Center Legal and IP Affairs Div. General Counsel	Chiu, Chih Peng										
	Channel & Motherboard Business Unit China Sales Platform AVP	Lan, Shao-Wen										
	Manufacturing Business Unit Chief Engineering Division AVP	Sun, Wu-Hsiung										
	Vice General Manager, Channel Solution Business Unit, Gaming Products Research &Design Center	Huang, Shun-Chih										
	Vice General Manager, Channel Solution Business Unit, Sales and Marketing Center	Lin, Ying-Yu										
Employees	Employee	Li, Yi-Ju	3,630,000	0.57%	3,630,000	17.39、16.10、14.80、13.68、12.70、11.90、10.90、10.20	57,804,380	0.57%	-	-	-	-
	Employee	Chen, Ching-Hui										
	Employee	Lin, Pin-Hsing										
	Employee	Chen, Yong-Hsing										
	Employee	Kao, Sheng-Liang										
	Employee	Lin,Cheng-Lung										
	Employee	Chang, Gui-Shan										
	Employee	Kao, Yong-SHun										
	Employee	Chang, Shi-Pin										
	Employee	Lo, Ching-Hsiang										

1:The name and title of individual managers and employees (resigned or deceased shall be specified) shall be disclosed. The status of acquisition and subscription can be disclosed together.
2:The number of columns shall be adjusted in accordance with the frequency of issuance.
3:The top ten employees with the highest grant do not include managers.
4:The total number of shares issued refers to the shares registered in the change registration at the Ministry of Economic Affairs.
5:The price at the time of exercise of exercised employee stock options shall be disclosed.
6:The price adjusted according to the issuance regulations of unexercised employee stock options shall be disclosed.

VI. Issuance of New Restricted Stock for Employees

None

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

Not Applicable

VIII. Status of Capital Utilization Plan

Not applicable

Five. Review of Operation

I.The business

(I) Scope of Operation

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

Unit: NTD1,000

Proportion / Primary Products	2015		2016		2017	
	Sales value	%	Sales value	%	Sales value	%
Mother boards& display cards	42,736,410	84.08	45,474,979	86.87	50,151,215	83.75
Others	8,092,382	15.92	6,872,410	13.13	9,733,566	16.25
Total	50,828,792	100.00	52,347,389	100.00	59,884,781	100.00

Note 1:The above table shows net sales revenues.

3. Current products:
   (1) Ultra-durable and high performance computer mother boards
   (2) Ultra-durable and high performance 3D accelerator display cards
   (3) Laptop/ultra-lightweight laptops
   (4) Tablet PCs and devices
   (5) Advanced and multifunctional servers
   (6) Photoelectric related Products
   (7) Computer peripheral products
   (8) Network storage products Computer peripheral products
   (9) Broadband network device and wireless communication products

4. New product development plans:
   (1) AORUS high-end Gaming Products.
   (2) High-end series of motherboard for the most updated platform.
   (3) The most updated Gaming Computer accessories.
   (4) The most updated super durable professional drawing display adapters.
   (5) The most updated Gaming laptop.
   (6) The most updated high-scalability, high-efficiency cloud server.
   (7) The most updated intelligent daily commodities.

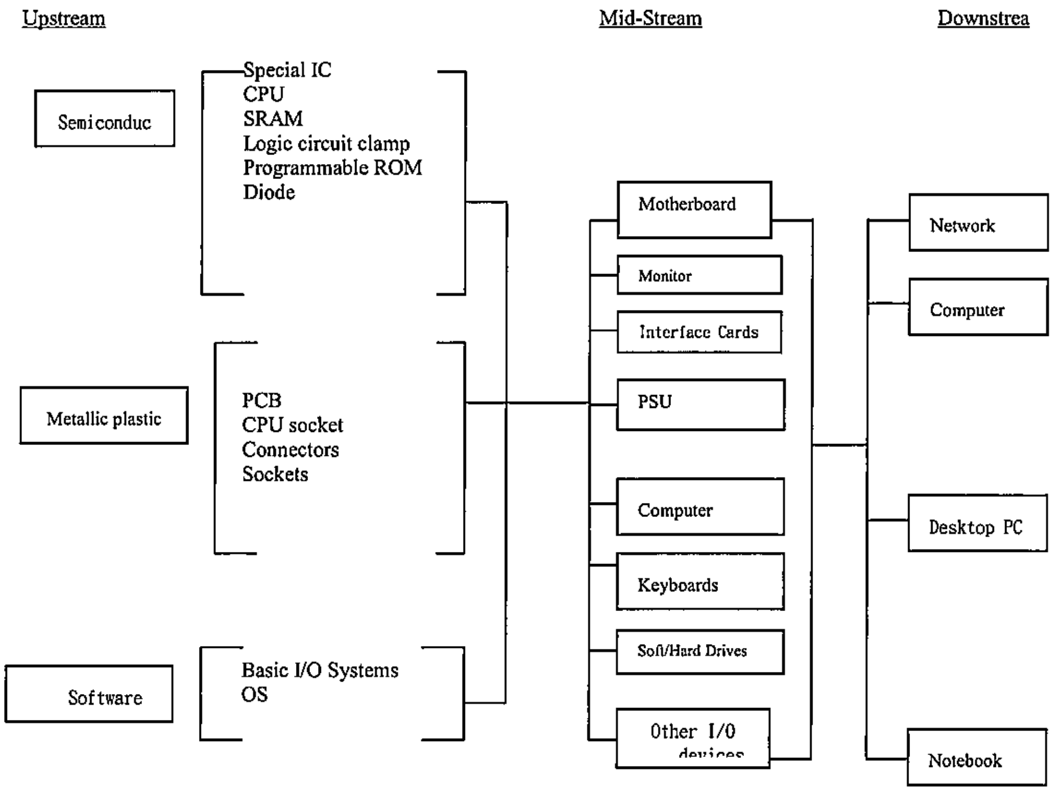
(II) Industry Overview:

1.Industry status and developments

According to the report of Gartner research, in 2017, the global PC shipments fell and lower than 2.8% of the shipments in 2016, the 6th consecutive year, but Gartner believed there were some signs of optimism in the market. Manufacturers made full use of competitive advantage, the small and medium-sized manufacturers were excluded out of the market. Besides, consumers pay more attention to quality and function rather than comparing the lowest product price; it's the fact which will drive the average PC price (ASP) higher, and in terms of long-term, profitability will be improved. Another noteworthy topic is the rapid development of encrypted currency by using block-chain technology, which enables the use of display adapters to speed up the process of acquiring money (commonly known as mining), making the display adapter market in 2017 lively and even in short of supply.

While the global PC market in the 2018 is still in a convergent state, but the competition and higher-order PC market can still continue to grow, with the new generation of technology and products been put into place, the market will have the opportunity to show better performance. Coupled with big data, AI and the flourishing of other server markets, this year's operational performance is expected to be more robust.

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



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

3. Product trends and competition

(1)Product development trend

Ever since the winning moment of AlphaGo successfully predicted the outcome of the US presidential election, the speed and breadth of the development of artificial intelligence (AI) has been relished. Nevertheless, intelligent devices, big data, deep learning and could computing have also supported a wide variety of technology development and the digital transformation. Such kind of future life is the trend of technology product development in recent years. Gigabyte is always consumer-centric in the building of full scene of intelligent life from the ground to the cloud, we focus on the development of software and hardware with different requirements. Making the high-efficiency application notebook computer, super-power computer system and professional drawing workstation link to peripheral devices or hand-held, wearable smart devices; moreover, connecting to the Internet of Things (IoT) through a new generation network technology, all transmission will be directed to the cloud application service server. Gigabyte Technology has dedicated to building a new generation of intelligent life circle for providing customer with satisfying and amazing product experience.

The hottest development trend in 2017 must be block chain technology, which has the potential for disruptive innovations and the chance to develop to a Financial Technology (FinTech) Star of tomorrow; additionally, it will actively develop to a common used storage of transaction data worldwide and the basic information series technology of Internet of Things (IoT). In particular, the application of cryptographic currency development is no one can be out of its right. Gigabyte

Technology has invested Technology and resources and developed various types of hardware to support encrypted currency that are widely appreciated by the market and drive the growth of revenue.

Nevertheless, the continuous innovation of design and services in the terms of components of market product such as the motherboard and drawing adapter are supported by the close cooperation with the supply chain manufactures of Intel®、NVIDIA®、AMD® to ensure the stability of the component supply. Meanwhile, we have the leading capacity of research and development surpassing the peers in the industry to integrate hardware, software and services, thus launching the solution of innovative products featuring best efficiency, simplicity and convenience to build to the best model of PC brand.

Gigabyte technology has constantly promoted sustainable development, taken the duty of protecting Earths environment and "reduction • sharing • love the Earth" as the target by the means of involving in plastic reduction program of product line. The successful introduction of recycle fiber of plant, RFP adapts rice husk as raw material, thus the production process is chemical-free, without generating any pollutants and able to effectively reduce carbon emission; also, the rice husk can be completely decomposed and go back into the soil. Consequently, the company won the iF World Design Award 2018. Gigabyte has dedicated to creating sustainable cycle of good and made the greatest effort on mitigating the greenhouse effect.

(2)Competition

PC market demand is getting better; however, the market competition remaining fierce and dramatically changes on product specifications or sales make the past experiences of channel development become a burden. How to quickly provide the users with the specifications meeting their expectations and upgrading user's experience by the means of various new technological development in the manner of intellectualization, personalization and customization will satisfy client's most expected "value" of becoming the biggest winner.

Gigabyte Technology's designs meet consumer's need of personalized products. As a result, the low-price competition can be avoided; in addition, the closed integration will get closer to the user's sales terminals, thus the most suitable products and services will be offered. Moreover, by the means of user interaction, clustering and value exchange, what we provided will meet the needs of different groups, lead the enterprises toward intellectualization and avoid competitions over specification and price; meanwhile, the marketing value will be maximized, thus benefiting the company's transformation and creating new business model for increasing the overall revenue profit.

(III) Technology and R&D:

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

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

Unit: NTD1,000

Subject	2016	2017	By March 31, 2018
R & D spending	1,723,214	1,944,001	594,819

Source: Consolidated financial report certified (audited) by CPA

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

(1) 2016

a. World's top motherboards

In 2016, we launched the brand new professional X99 and Z170 platforms for the Ultra Gaming series to provide gamers with the most realistic experience virtual reality (RR) and 4K display with more innovative designs. Both platforms also perfectly support Intel's first deca-core (10-core) CPU for gamers to build the ultimate high-performance gaming platforms.

b. Market-leading graphics cards

Inheriting the DNA of Gigabyte's XTREME GAMING series, we launched the GeForce® GTX 1080 XTREME GAMING WATERFORCE WB open water-cooling graphics card with the next-generation Pascal featuring extremely powerful performance along with Gigabyte's brand-new unitary "water block, WB". Apart from offering the highest cooling efficiency, it brings gamers a gaming experience combining ultimate comfort and extreme performance. Equipped with the carefully selected GPUs for XTREME GAMING, the graphics card provides optimal energy efficiency rate (EER) and the lowest power consumption for gamers to enjoy a smooth extreme gaming experience. The exclusive Xtreme VR Link function tailored for VR application facilitate gamers connect VR devices with the two additional native HDMI ports on the card while connecting monitors over the original HDMI ports for gamers to freely enjoy a smooth gaming experience.

c. Innovation-leading severs

In 2016, we also developed innovation-leading cloud servers and launched OpenRack total solutions ahead of competitors. The high-efficiency and low-cost thermal solution offers waste heat recovery to significantly enhance the cooling performance of open racks for maximum stability and maximum system computing performance at the least power consumption. It is also equipped with the rack management system corresponding to the big data datacenter solution to lead the future datacenter revolution.

As a manufacturer dedicated to continual innovation of general-purpose computing on graphics processing units (GPGPUs), Gigabyte integrates the most advanced GPUs in the market and successfully applies them to big data transfer and image data streaming solutions. In addition, Gigabyte develops new application platforms through close cooperation with Intel and introduces hardware solutions corresponding to artificial intelligence (AI) and deep learning to build high-performance GPGPU servers that support up to eight GPU cards with the highest density design for collaborating computing, so as to bring new possibilities to high-performance computing (HPC).

To pursue power management capacity with the highest performance and highest computing density integrating execution performance, energy conservation, and carbon reduction, Gigabyte co-developed with 3M the latest thermal solution for the highest-end servers using 3M's Novec™ engineered fluids and provides custom application services to render more flexible options with perfect support for customer application platforms.

d. Gaming laptops with unrivalled performance

New gaming laptops equipped with the latest NVIDIA® GeForce® GTX 10 GPU include two main series: advanced gaming and ultrathin gaming series. Both series are equipped with the new-generation Pascal™ to significantly enhance display performance. Along with the 6th generation Intel® Core™ i7 quad-core CPU, each model supports VR games with ease for gamers to enjoy a smooth gaming experience at 4K resolution. The advanced gaming laptops P55 and P57 are equipped with NVIDIA® GeForce® GTX GPUs in a unique design inspired by streamlined appearance of super sports cars, and with dual hard drive storage using M.2 PCIe SSDs for speed storage in override and the next-generation DDR4 memory module. Other features include ghosting backlit keyboard supporting 30-key rollover. In addition, the P57 is equipped with a swappable bay for ODD/extendable storage slot to fulfill the need for large storage and extreme speed at the same time. The model has been the first choice of gaming laptop of gamers since launch.

e. Mini PC system champion—Brix™

With performance comparable to traditional desktops, the brand-new BRIX™ Gaming UHD mini PC system is equipped with the powerful Intel® CPU, NVIDIA GeForce GTX950 GPU, two M.2 (2280) SSD slots, and two 2.5" HDD slots to fulfill home PC, business PC, and education PC needs at the same time. The new-generation BRIX™ is equipped with the 7th generation Intel® CPUs with a new microarchitecture featuring higher power efficiency which achieves dynamic control of GPU performance and power management with the Turbo Boost 2.0 technology for greater performance or energy saving effect, so as to demonstrate extraordinary user experience.

f. Award-winning gaming peripherals

In the gaming peripheral range, Gigabyte launched the XK700 keyboard equipped with the Superior CHERRY MX mechanical key-switch to provide quiet and smooth tactile feel and support full-range NKPO for gamers to ensure commands are accurately executed in intense operations.

The XH300 gaming headset, bringing live stereo sound effects, has a lightweight ergonomic design for comfortable wearing for long-period use. The XC700W full-tower case has a spacious interior space and excellent cooling performance to provide DIY gamers with perfect platform-building flexibility for whatever CPU coolers or liquid cooling systems. To build an ultimate gaming environment for gamers, Gigabyte launched the first Xtreme Gaming chair featuring a high racing seatback with a large reclining angle and multiple adjustments for ergonomics to provide full cervical and lumber support for gamers to challenge their extreme.

(2) 2017

a.Top notch mainboard on the planet

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

b.Market-leading graphics card

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

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

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

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

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

c.Innovation in Industry and Market-leading Graphics Card

①R&D, Innovation Cloud Service Server

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

②Cloud Computing Solution

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

③Cooperate with AMD to Launch EPYC™ Platform Products

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

d.Hi-End Gaming Laptop

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

e.Champion of Super Micro PC Brix™

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

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

f.Endless Awards Gaming Peripherals

①Gigabyte launched AORUS K9 Optical Gaming Keyboard

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

②AORUS M3 Gaming Mouse

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

③AORUS H5 Beryllium Diaphragm Horn Gaming Headset

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

(3) By the report publication date

a. World's top motherboards

We launched the H370 AORUS GAMING 3 WIFI and B360 AORUS GAMING 3 WIFI motherboards using H370 and B360, the brand new chipsets of Intel®.

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

b. Market-leading graphics cards

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

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

c. Innovation-leading cloud severs

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

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

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

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

d.Gaming laptops with unrivaled performance

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

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

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

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

e. Mini PC system champion—Brix™

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

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

Short-term plan:

(1)Market

Since the Asian Olympic Committee has listed e-sports as an official game for the 2022 Asian Games, many countries also listed e-sports as an official sporting event, which is expected to continue to drive its overall value. As the e-sport industry is expected to be flourished in the future, Gigabyte's top-level e-sports brand, AORUS, will inject more resources into its products, including motherboards, 3D graphics cards, gaming notebook computers, ultra-mini PCs and e-sport peripherals. To develop high-performance, high-quality features that will satisfy user groups and become leading brands in the global gaming market. Besides, regarding Netcom products, as the global disbursements of blockchain application solution keep increasing, the demand for products with cloud solutions with high scalability and high-performance will increase. Not only does the company conduct R&D itself, it also co-work closely with key component suppliers to provide more comprehensive and efficient solutions and gain market opportunities.

(2)Product

The company always insists high quality and innovation R&D; the products also won many awards globally. Except focusing on high quality, ultra-durable and high performance, we concentrate more on the strategy of products' intelligent energy saving and electronic safety regulation to develop hi-end gaming products, high-performance block chain application and cloud computing products to satisfy all user groups globally. Gigabyte insists the integrity, efficiency and value to create higher profit.

(3)Marketing

In addition to AORUS's enthusiasm and astounding products to realize the player's ultimate entertainment experience, Gigabyte actively participates in global e-sport events and closely links with the gaming community. Through media marketing and close connection with each consumer, the marketing disbursement works effectively and lower than before.

(4)Sales Channel Establishment

To emphasize the cooperation relationship with agencies, ensure that the target of marketing strategy will be executed no matter what their time or location. Virtual channels and physical channels will be integrated gradually. Enhanced local marketing, and provide adequate services and support to increase the strength of the brand and sales.

(5)Manufacture

Facing the shortage of workforce in Taiwan, the manufacturing cost increasing year by year, the company is planning to invest in intelligent manufacturing, automation and intelligent material supporting system to solve the short-term workforce issue and decrease manufacturing costs over the long-term.

and decrease manufacturing costs over the long-term.

(6)Service

With the upcoming digital new generation, network and physical full channel service will help to build the relationship with customers more efficiently and lasting. Make further improvements on the customer's satisfaction and delivering promised value faster than ever.

(7)Social Responsibility

The vision for sustainable development starts with the corporate philosophy of Gigabyte's "Innovative Technology and Upgrade Your Life." It sets forth four significant sustainable development policies to encourage business operation, products, environment, and social responsibility. Commencing from excellent R&D and innovation ability, developing low-carbon technology, in addition to the company were awarded numbers of prizes such as the Taiwan Enterprise Sustainable Award in 2017 years, AORUS X7 won the iF design award with renewable crops fiber environmental protection packaging in 2018. The company keeps providing environmentally friendly products, service and social care. Actively create substantial value for us, for the environment and the society to reach the target of mutually beneficial.

Long-term plan:

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

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

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

II.Market and Sales

(I) Market Analysis

1. Main product (service) market regions:

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

Sales volume and value over the last three years:

Unit: NT$1,000

Year / Region	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
Asia	26,597,668	52.33	25,318,233	48.36	23,888,974	39.89%
Europe	10,954,415	21.55	12,063,750	23.05	19,050,960	31.81%
North America	7,119,292	14.01	9,221,220	17.62	9,857,624	16.46%
Other regions	3,904,849	7.68	3,271,558	6.25	4,405,701	7.36%
Domestic sales	2,252,568	4.43	2,472,628	4.72	2,681,522	4.48%
Total	50,828,792	100.00	52,347,389	100.00	59,884,781	100.00

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

(1) Gigabyte has been committed to channel development and marketing. In the market where fierce competition is staged, Gigabyte's motherboards and graphics cards always rank at the top or second. In addition, we are a market leader in customer satisfaction, quality, performance, and services. With innovative products and the best supply chain, we will provide the most competitive products and services to create better performance and more profit!

(2) Future Supply and Demand in the Market

a. Market Demand

Although the PC market was stagnant generally in 2017, the demand for gaming and cryptocurrencies became unprecedentedly high as new products of AMD®, NVIDIA®, and Intel® were launched to the market. The whole supply chain was strongly affected by such firm demand. Once upon a time, the demand even outstripped supply. According to Gartner research, although the global PC market will shrink by 5.4% in 2018, as consumers attach increasingly more importance to quality and functions, the gaming market requiring high-end performance will continue to grow, and the demand for cloud computing and advanced application will become more robust. Gigabyte offers products and services of the highest quality and provides consumers with the most stunning product experience.

b. Market Supply

With the stimulation from new generation of products to be launched in this year and the demand for gaming and cryptocurrency, we look forward to produce many good results for the market. Gigabyte is expected to launch a number of innovative products in 2018, integrate supply chains, leverage channel advantages, maintain its leading position in terms of motherboard products, improve product distribution in the gaming market, launch a series of gaming peripheral products designed specifically for computer game players, and build an ultimate gaming sphere with full AORUS product ranges. In addition, it will also provide the latest artificial intelligence, big data and cloud applications solutions and create more profit and value for customers by virtue of continuous innovation of intelligent, personalized, customized design.

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

a. Industry development and vision

Favorable Factors	Unfavorable Factors	Countermeasures
●By dint of new platforms, new architecture, new technologies and new services, niche products of high quality, high performance and high value can be continuously introduced to meet market demand. ●We have production capacity that can provide high quality,	●Consumers' use habits gradually shift to cloud computing and applications, and the market ecology has become more diversified and more complicated. ●In recent years, due to changes in political and economic conditions in many countries, the prices of raw materials, exchange	●Develop cloud application services and cloud servers in response to different markets and application layers, provides diversified high-quality products and services as well as proprietary solutions, and sharpen brand competitive edges. ●The channel markets in

Favorable Factors	Unfavorable Factors	Countermeasures
great flexibility and low cost. ●We can make our best efforts to mitigate the greenhouse effect and create environmentally friendly brands by integrating green technologies and environmentally friendly materials into our products with a view to reducing consumption, sharing and loving our planet.	rates and transportation costs have fluctuated greatly, and both the market and operation have been challenged.	various areas were scattered and were not vulnerable to fluctuations in a single area, resulting in operational dilemma. In order to reduce operational risks, in addition to improving the response speed of supply chains, it is necessary to pay close attention to market changes and strengthen the transfer of operational risks.

b. Product development and operational management

Favorable Factors	Unfavorable Factors	Countermeasures
●We have the top-notch and most innovative R&D team in the industry, our products have won numerous international awards, and we can provide the most amazing product experience. ●We pioneered the launch of personalized, diversified and intelligent high-end innovative products, always maintain a leading position in the market, and we are a product standard maker. ●Turn R&D and product advantages into brand and channel competitiveness to promote brand image. ●Our corporate image is extremely positive, our management systems are perfect, our finance systems are sound, and we have abundant funds.	●The stagnant growth of the PC market has reduced the profitability of the relevant industries. ●Product life cycles are shortened, market prices fluctuate rapidly, and components are subject to changes in the prices of raw material. ●Export-oriented practice prone to Forex volatility.	●Gigabyte integrates channel solutions, pays close attention to the trends in channel markets and development of diversified products, focuses on market opportunities for niche products to increase profits. ●The industry's best talents grasp the trend of the industry exhibition. Through the close cooperation between the industry's strongest R&D team and world-class suppliers, they are ahead of their competitors with technology, specifications, timelines and services to achieve market opportunities and brand value. ●Pay close attention to Forex volatility and promptly adjust Forex position when appropriate to minimize exchange risk.

c. Marketing

Favorable Factors	Unfavorable Factors	Countermeasures
●Market development trend of diversification, Gigabyte for different markets and different professional areas of hardware and software requirements for research and	●As the market changes faster than ever before, there is limited product differentiation among competitors, which may lead to fiercer competition	●Further cultivate the channel markets, pays close attention to market trends and product development, respond to segregation of different markets and

development, to provide innovative product solutions to meet the market. ●Product leadership in many countries and regions facilitate further market cultivation.	that may in turn affect profitability.	products with by providing intelligent, personalized and customized products. By providing products catering to consumers' needs for personalization, we can keep away from price competition and quickly respond to and capture market changes to improve profitability.

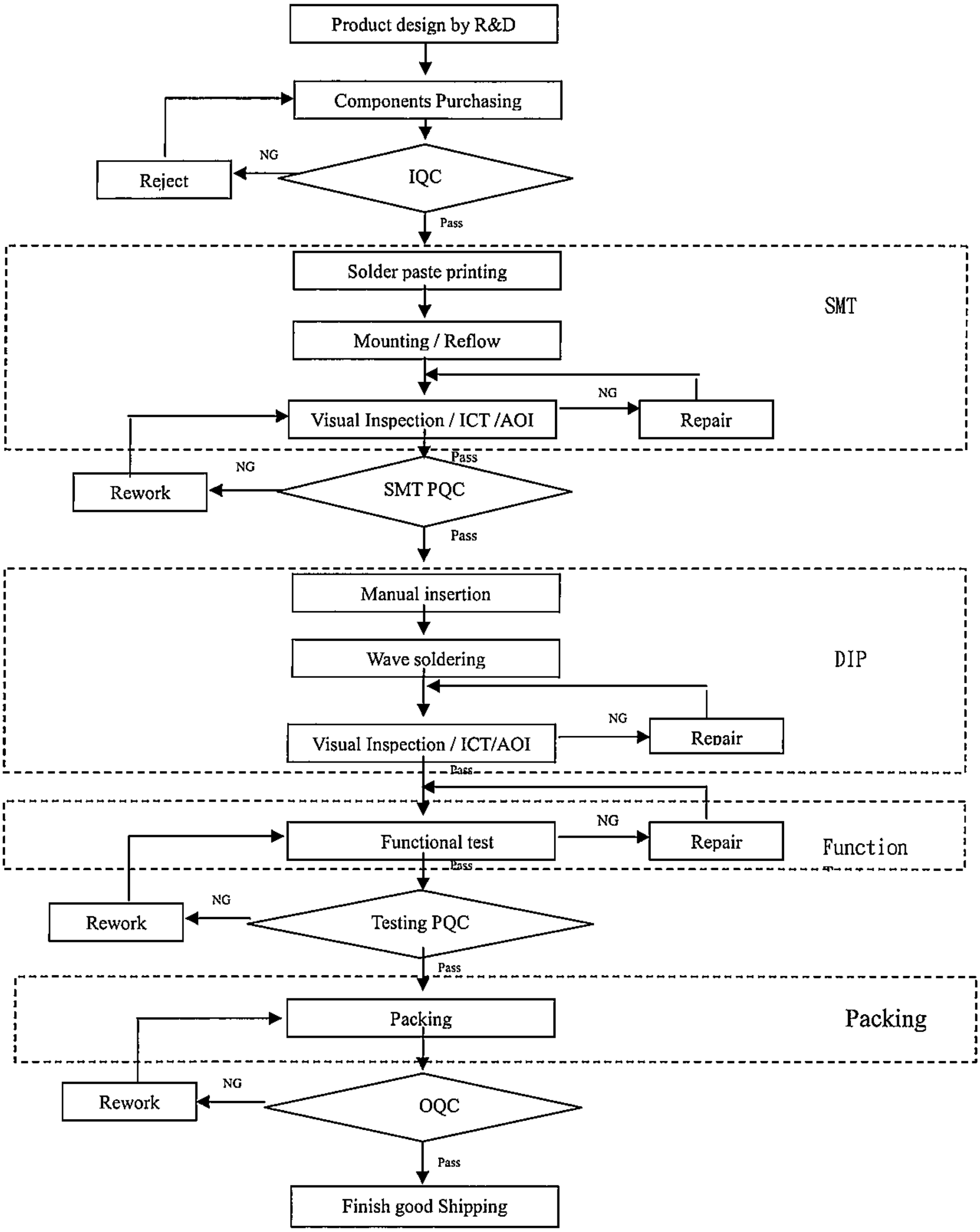
(II) Primary use and production process of premium products:

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

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

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

2.Production Process:



(III) The supply of key materials:

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

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

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

Unit: NTD 1,000

	2016				2017				2018 Q1			
No.	Name	Amount	Percentage to annual purchase (%)	Relationship with the Company	Name	Amount	Percentage to annual purchase (%)	Relationship with the Company	Name	Amount	Percentage to annual purchase (%)	Relationship with the Company
1	INTEL	10,337,743	23.83	None	INTEL	6,821,638	13.98	None	INTEL	2,040,748	11.49	None
2	Nvidia	13,225,390	30.49	None	Nvidia	18,546,037	38.00	None	Nvidia	5,275,617	29.71	None
	Other	19,810,085	45.68		Other	23,433,998	48.02		Other	10,443,572	58.80	
	Total purchase	43,373,218	100.00		Total purchase	48,801,673	100.00		Total purchase	17,759,937	100.00	

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

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

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

Unit: 1,000 pieces; NTD million

Production volume and value / Product	2016			2017		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Mother boards& display cards	15,853	19,035	39,590	17,663	16,661	42,301
Others	4,552	2,047	7,346	1,204	1,896	11,177
Total	20,405	21,082	46,936	18,867	18,557	53,478

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

Unit: 1,000 pieces; NTD million

Sales value and volume / Product	2016				2017			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Mother boards& display cards	419	1,163	17,237	44,312	431	1,349	15,570	48,802
Others		1,104		5,768		1,156		8,578
Total		2,267		50,080		2,505		57,380

Note: This table lists net sales

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

March 31, 2018

Year		2016	2017	2018 March 31
Number of employees	Line personnel	841	685	693
	Supporting personnel	1,874	1,898	1,892
	Total	2,715	2,583	2,585
Average age		36.6	37.0	37.9
Average year of service		7.47	8.8	9.6
Education (%)	Doctorate	0.3%	0.3%	0.3%
	Master	13.3%	14.6%	14.4%
	University	69.3%	68%	68.6%
	High school	13%	13.2%	13%
	High school below	4.1%	3.9%	3.7%

Source: Statistical data compiled by Gigabyte

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

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

(II) Future responding strategies and possible expenditure:

In 2015, GHG exceeded 400ppm, global average temperature kept rising and climate change intensified. Between January and June 2015, Taiwan experienced the severest ever drought since 1947. In its 2015 research report, UNU indicated that the volume of electronic waste created a new record in history last year, at 44.70 million tons. Countries in the world have thus tightened their environmental regulation. Every year the EU increases the substances of very high concern (SVHC) in REACH and adds to RoHS2 four controlled items for plasticizer that will take effect on July 22, 2019. Environmental and social issues have always been our concerns. To effectively mitigate and address to environmental and regulatory impacts, we began conducting assessments on supply chain sustainability in 2012. Apart from assessing and advising our existing suppliers on quality, punctuality, service, cost and hazardous substance management, we also require suppliers to conform to the EICC and non-use of conflict minerals. In addition, we will promote energy saving, emission reduction, water saving, and waste reduction to protect Earth together with suppliers in pursuit of sustainable development and increased competitiveness.

Projected environmental protection spending three years ahead:

Currency: in NTD 1,000

	2015	2016	2017	2018
A. The content of anti-pollution equipment planned to procure or spending	1. Continue with ISO 14064 Greenhouse Gas Audit; Seek IECQ QC 080000, ISO14001, OHSA18001 certification. 2. Continue to introduce green design, green purchase and clean	Continue to implement ISO 14064 GHG emission verification and promote the Gigabyte 333 waste reduction, water reduction, and emission reduction program. Develop the product lifecycle and environmental impact	1.Continue to promote the Operation Gigabyte 333 and team up with suppliers to continuously reduce product emissions reduction for Earth—our home 2.Complete the product life cycle and EIA system to reduce product carbon emissions.	1.We will promote use of carbon-free natural packaging materials to make our products environmentally friendly and consumer-friendly. This is not only sustainable, but also cost-effective, so that

	2015	2016	2017	2018
	production. NT$18 million will be invested towards the updating of obsolete equipment and air-conditioning to reduce GHG emissions and energy in 2015 consumption. 3. Continue to conduct product life cycle and environmental impact assessments to reduce impact on the environment.	assessment system to work for environmental protection together with suppliers. Continue eco-design, green procurement, green production and marketing to turn Gigabyte into a green brand to fulfill CSR.	3.Optimize the energy on-line monitoring system, improve the VFD pump of the central air-conditioning system, development PV generation, and update the cooling equipment of the cooling tower.	consumers can easily identify our products and form awareness in recovery and that Gigabyte's corporate purpose of "Revolutionize Technology, Beautify Life" can be served. 2. Continue to promote GIGABYTE 333 reduction plan, in promoting "MFCA Material Flow Cost analysis" From a practical working surface waste reduction; External held "reduction · Share · Love the Earth Alliance" supplier of the General Assembly, and suppliers Share Gigabyte case actual reduction, sustainable development strategy and as a further invitation to suppliers to participate in Make Earth Green Again project to plant trees for the Earth, for the Earth sustainable dedicated force. 3.We will continue to promote the "Green earth • create hope with trees" campaign and call on consumers' response to the one-laptop-for-one-tree campaign. As soon as consumers complete the registration procedures online, Gigabyte will donate money needed in tree planting for the consumers to plant trees of hope for the Earth.
B. Expected improvement	2014 GHG emissions were down 18240.68 tons (37.26%)	Enhance the efficiency rate of energy and resources; eliminate hazardous substances;	Effectively reduce waste quantity and carbon emissions, and enhance energy and resource	Effectively cut cost, reduce waste quantity and carbon emissions, and enhance energy and

	2015	2016	2017	2018
	compared to 2009, reducing on dependence on energy resources and environmental impact.	and strengthen sustainable supply chain management, to co-exist with Earth.	efficiency.	resource efficiency.
C. Amount - environmental protection spending - procurement of equipment for environmental protection process	31,919 -	35,812	37,235 -	34,438 -

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

1. Impact on Net Profit

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

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

2. Impact on our Status in the Competition

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

3. Impact on the Company's Image

Since 2010, we have voluntarily published the "Gigabyte Corporate Social Responsibility Report" according to the Global Reporting Initiative (GRI) in both Chinese and English to report to all stakeholders Gigabyte's efforts, determination, and achievements in sustainable development. After winning in 2014 the Excellence in National Environmental Education from New Taipei City, we won in 2015 again the Excellence in National Environmental Education in the private sector category; in 2017, we were rated as a Model Enterprise in the electronics industry according to the CSR Survey by Global View Magazine, TCSA Climate Leader Award (as one of the 10 award winning enterprises), TOP50 Taiwan Sustainable Enterprise Award (among the 9 enterprises in technology sector, we ranked the 6th place), TOP50 Enterprise Sustainable Report Gold Award and ISO 14001+ Award. We affirm the Company's practice in sustainable development. We will make continuous efforts to spread our social influence to make Gigabyte the industry's perpetual leader.

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

1. Committed Significant Environmental Protection Expenditures:

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

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

(3) Our Company has passed the OHSAS 18001 audit and is committed to improve our Company's safety and health system. We aim to prevent and control the occurrence of accidents, delivering sustainable management with zero occupational hazard.

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

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

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

(7) We activated the "Green Action Program" in 2009 to organize celebrity talks, sustainability and environment education, eco working holiday, and "One

Thousand Miles" environmental service events for over 57,900 participants. With these activities, we have enabled employees to understand the importance of environmental protection, improved their awareness of sustainability and environmental protection, and equipped them with the basic knowledge, attitude, and skill for environmental protection. By activating the "Green Action Program 2.0"in 2016, we have established the Gigabyte Green Action Culture and promoted the eco-design concept to all employees to create new value for green products and pursue sustainable development for the enterprise and environment.

(8) We organized the "Green Product Innovation Activity: Innovation · Value · Sustainability". Based on the main theme "going green is free", we encourage employees to design green product with "Innovation · Value · Sustainability". As long as we are on the right track, "going green is free!"

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

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

(10)For continuous reduction of product carbon emissions, we activated the carbon footprint calculation system for all products in 2016. By implementing this system, we hope to simplify the calculation of process of product carbon emissions and review the carbon emissions of products at each stage of the product life cycle. Apart from comparing the environmental impacts of each raw material and production process and finding opportunities and methods to reduce carbon emissions, we hope to provide a reference for developing eco-friendly products.

(11)By analyzing the effects and benefits of "G-Home Sustainable Eco-Roof" and "One Thousand Miles" of Gigabyte to Green Club with SROI, we found that both projects can bring positive social and environmental effects. In terms of benefits, we found that every NT$1 spent on "G-Home Sustainable Eco-Roof" can yield NT$6.4 back; and every NT$1 spent on "One Thousand Miles" can yield NT$4.3 back. (Please refer to the SORI section in Gigabyte's 2017 CSR Report for more details.)

2. The Company sell its products directly and indirectly to EU, or areas governed by RoHS.
3. The compliance of the Company with RoHS is 100%.
4. The Company has been granted by the following companies or agencies the green product accreditation on environmental protection and ODM customer accreditation rate: 100%.
    (1) The first company in Taiwan being accredited the SGS IECQ QC080000 RoHS green product.
    (2) Approved by MOEA for a grant for supervision in Green Project in 2006, and complete the establishment and adaptation of GP system in 2007.
    (3) Recognition by international giant firms: Lenovo (IBM), Fujitsu, Hitachi,

NEC, Toshiba, Samsung, LG, Acer, HP.

(4) Equipment, production process, inspection standards and points of control are in place. There are also the ODM Mass Production and inspection for delivery locations with yield rate meeting the requirements of the customers.

(5) By the end of Q1 2006, the Company has attuned to full compliance with RoHS and has met the requirement of EU as early as July 2006.

(6) Complete the process and product evaluation of Halogen Free in 2008 to respond to the requirement of future environment protection law.

(7) As global warming becomes more and more serious, the EU has unveiled its newest target for greenhouse gas reduction in the following statement: *carbon dioxide emissions by 2020 should be reduced to 20% of 1990 levels, and increase renewable energy sources proportion to 20%.* Hence, since 2009, Gigabyte has begun undergoing ISO 14064 greenhouse gas inventory check. By July 2010, we have completed greenhouse gas emission checks for 2007-2009 at our Xindian Headquarters and Nanping Plant. In 2009, the checks were performed at Dongguan Gigabyte Electronics Co., Ltd. and Ningbo Gigabyte Co., Ltd., with results of 2007 and 2009 designated as the standard reference and objectives for Taiwan and Mainland China sites respectively. In 2013, the total greenhouse gas emission of the Gigabyte Group was 32,554.65 tons, which was 16,402.49 tons less than the 48,957.14 tons produced in 2009, representing a 33.5% decrease from internal activities. In other words, we have already achieved the EU 2020 target ahead of schedule, which led to a readjustment of our targets in 2013: "By 2020, the Gigabyte Group will reduce its carbon emissions from internal activities by 40% compared to the baseline year of 2009". In the future, the Gigabyte Group shall continue to strive for carbon reduction and contribute to the efforts of saving our planet.

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

(9) After launching the "Green Movement Plan" in 2010, Gigabyte organized more than 40 celebrity lectures, environment education classes, outdoor environmental experiences and charity events attended by more than 10,000 people. Through the activities, employees' environmental awareness as well as the knowledge, attitudes and skills required for environmental protection can be enhanced and incorporated into their work and everyday life. The Green Movement Plan represents the new Gigabyte culture, promotes the concept of Eco-Design to all employees, creates new value from green products and supports the search for sustainable business and environmental development.

(10) Gigabyte sponsored "Green Product Innovation - Innovation · Value · Sustainability." The theme of the activity is "Going green is free." The Company encourages employees to design green products with "Innovation, Value, Sustainability" features, proving that green design does not cost much, as long as the approach and mindset are correct!

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

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

1. Employee insurance:

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

2. Annual wage adjustment and bonus:

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

3. Holiday bonuses

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

4. Fringe benefits provided by the employee welfare committee

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

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

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

6. Employee stock ownership program

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

7. Employee share subscription warrant

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

8. Reward for innovation

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

9. Feedback:

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

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

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

VI.Major agreements

(I) Agreements expiring within one year: None.

(II) Agreements still in force:

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

Six. Financial Position

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

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

Condensed Balance Sheet (Entity) - IFRS

Unit: NT$1000

Item \ Year		Financial information covering the last five years (Note1)				
		2013	2014	2015	2016	2017
Current assets		18,647,719	20,338,014	21,437,954	24,821,408	26,488,634
Property, plant and equipment(Note2)		2,148,656	2,237,019	2,259,952	2,213,725	2,160,918
Intangible assets		26,050	33,245	23,648	27,774	14,014
Other assets(Note2)		10,754,450	10,355,510	8,767,128	8,210,714	9,398,723
Total assets		31,576,875	32,963,788	32,488,682	35,273,621	38,062,289
Current liabilities	Cum-dividend	9,337,813	9,993,677	9,440,375	11,914,724	13,402,546
	Ex-dividend	11,218,282	11,692,012	11,013,032	13,551,761	Not distributed yet
Non-current liabilities		400,377	410,009	509,339	548,392	569,842
Total liabilities	Cum-dividend	9,738,190	10,403,686	9,949,714	12,463,116	13,972,388
	Ex-dividend	11,618,659	12,102,021	11,522,371	14,100,153	Not distributed yet
Equity attributable to owners of the parent		21,838,685	22,560,102	22,538,968	22,810,505	24,089,901
Equity		6,265,714	6,288,829	6,290,629	6,291,179	6,356,889
Capital surplus	Cum-dividend	4,587,562	4,592,155	4,601,581	4,602,046	3,962,314
	Ex-dividend	4,587,562	4,592,155	4,601,581	3,972,416	Not distributed yet
Retained earnings	Cum-dividend	10,718,290	11,243,132	11,399,606	12,092,633	13,840,935
	Ex-dividend	8,837,821	9,544,797	9,826,949	11,085,226	Not distributed yet
Other Equity		267,119	435,986	247,152	-175,353	-70,237
Treasury stock		0	0	0	0	0
Non control Equity		0	0	0	0	0
Total equity	Cum-dividend	21,838,685	22,560,102	22,538,968	22,810,505	24,089,901
	Ex-dividend	19,958,216	20,861,767	20,966,311	21,173,468	Not distributed yet

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

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

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

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

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

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

Condensed Statement of Comprehensive Income (Entity) - IFRS

Unit: 1000 NTD

Item \ Year	Financial Information covering the last five years (Note 1)				
	2013	2014	2015	2016	2017
Revenue	46,717,780	50,505,531	47,662,757	49,735,072	57,213,666
Gross profit	7,213,403	7,702,355	6,996,041	7,314,934	8,089,336
Operating income	1,941,156	1,894,367	1,476,134	1,934,481	1,974,088
Non-operating income & expenses	691,000	927,704	880,033	899,318	1,066,623
Pre-tax profit	2,632,156	2,822,071	2,356,167	2,833,799	3,040,711
Net Income from continuing operations	–	–	–	–	–
Earning of discontinued operation	–	–	–	–	–
Net income (loss)	2,355,536	2,397,618	1,920,065	2,292,864	2,786,411
Other comprehensive income (net after tax)	426,835	176,559	-254,090	-449,685	74,414
Total comprehensive income for the period	2,782,371	2,574,177	1,665,975	1,843,179	2,860,825
Net profit attributable to owner of parent	2,355,536	2,397,618	1,920,065	2,292,864	2,786,411
Net profit attributable to non-controlling interests	–	–	–	–	–
Total comprehensive income attributable to owner of parent	2,782,371	2,574,177	1,665,975	1,843,179	2,860,825
Total comprehensive income attributable to non-controlling interests	–	–	–	–	–
EPS ($)	3.76	3.82	3.05	3.64	4.41

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

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

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

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

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

Condensed Balance Sheet（Consolidated）- IFRS

Unit: 1000 NTD

Item \ Year		2013	2014	2015	2016	2017	Financial information as of March 31, 2018 (Note 3)
		Financial information covering the last five years (Note 1)					
Current assets		27,198,448	26,841,912	27,846,683	30,955,717	33,623,284	37,480,737
Property, plant and equipment(Note2)		4,212,396	4,231,520	4,022,766	3,905,043	3,876,017	4,010,042
Intangible assets		45,002	49,730	34,144	54,230	33,056	30,542
Other assets(Note2)		3,541,556	2,569,464	1,337,040	1,309,060	1,265,315	924,478
Total assets		34,997,402	33,692,626	33,240,633	36,224,050	38,797,672	42,445,799
Current liabilities	Cum-dividend	12,680,871	10,653,629	10,132,956	12,651,024	13,983,138	15,847,409
	Ex-dividend	14,561,340	12,351,964	11,705,613	14,288,061	Not distributed yet	Not distributed yet
Non-current liabilities		466,829	460,883	554,258	604,083	582,210	613,887
Total liabilities	Cum-dividend	13,147,700	11,114,512	10,687,214	13,255,107	14,565,348	16,461,296
	Ex-dividend	15,028,169	12,812,847	12,259,871	14,892,144	Not distributed yet	Not distributed yet
Equity attributable to owners of the parent		21,838,685	22,560,102	22,538,968	22,810,505	24,089,901	25,860,651
Equity		6,265,714	6,288,829	6,290,629	6,291,179	6,356,889	6,356,889
Capital surplus	Cum-dividend	4,587,562	4,592,155	4,601,581	4,602,046	3,962,314	3,937,753
	Ex-dividend	4,587,562	4,592,155	4,601,581	3,972,416	Not distributed yet	Not distributed yet
Retained earnings	Cum-dividend	10,718,290	11,243,132	11,399,606	12,092,633	13,840,935	14,994,584
	Ex-dividend	8,837,821	9,544,797	9,826,949	11,085,226	Not distributed yet	Not distributed yet
Other Equit		267,119	435,986	247,152	-175,353	-70,237	571,425
Treasury stock		0	0	0	0	0	0
Non control Equit		11,017	18,012	14,451	158,438	142,423	123,852
Total shareholder's equity	Cum-dividend	21,849,702	22,578,114	22,553,419	22,968,943	24,232,324	25,984,503
	Ex-dividend	19,969,233	20,879,779	20,980,762	21,331,906	Not distributed yet	Not distributed yet

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

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

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

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

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

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

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

Condensed Statement of Comprehensive Income (Consolidated) - IFRS

Unit: 1000 NTD

Item \ Year	Financial information covering the last five years (Note 1)					Financial information as of March 31, 2018 (Note 2)
	2013	2014	2015	2016	2017	
Revenue	51,118,994	54,541,687	50,828,792	52,347,389	59,884,781	20,176,637
Gross profit	9,149,206	9,468,383	8,761,412	9,069,697	10,198,857	4,222,621
Operating income	1,804,169	1,806,159	1,251,738	1,688,998	2,226,350	1,848,930
Non-operating income & expenses	928,188	1,138,810	1,419,921	1,273,323	949,277	96,441
Pre-tax profit	2,732,357	2,944,969	2,671,659	2,962,321	3,175,627	1,945,371
Net Income from counting operations	–	–	–	–	–	–
Earning of discontinued operation	–	–	–	–	–	–
Net income(loss)	2,359,480	2,400,322	1,922,700	2,284,350	2,713,506	1,600,879
Other comprehensive income(net of tax)	426,835	176,559	-254,090	-449,685	74,409	187,900
Total comprehensive income for the period	2,786,315	2,576,881	1,668,610	1,834,665	2,787,915	1,788,779
Net profit attributable to owner of parent	2,355,536	2,397,618	1,920,065	2,292,864	2,786,411	1,614,291
Net profit attributable to non-controlling interests	3,944	2,704	2,635	-8,514	-72,905	-13,412
Total comprehensive income attributable to owner of parent	2,782,371	2,574,177	1,665,975	1,843,179	2,860,825	1,802,186
Total comprehensive income attributable to non-controlling interests	3,944	2,704	2,635	-8,514	-72,910	-13,407
EPS ($)	3.76	3.82	3.05	3.64	4.41	2.54

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

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

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

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

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

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

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

Year	Public auditors	Opinion
2013	Xiao, Chun-Yuan; Lin, Se-Kai	Modified unqualified
2014	Xiao, Chun-Yuan; Lin, Se-Kai	Modified unqualified
2015	Xiao, Chun-Yuan; Wang, Fang-yu (Note 1)	Modified unqualified
2016	Xiao, Chun-Yuan; Wang, Fang-yu	Unqualified opinion with explanatory paragraph
2017	Xiao, Chun-Yuan; Wang, Fang-yu	Unqualified opinion with explanatory paragraph

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

II. Financial analysis for the past five years

(1) Financial Analysis (Entity) - IFRS

Subject (Note 3)	Year (Note 1)	2013	2014	2015	2016	2017
		Financial analysis for the past five years				
Financial structure	Liabilities to assets ratio (%)	30.84	31.56	30.63	35.33	36.71
	Long-term capital to Property, plant and equipment ratio (%)	1035.02	1,026.82	1,019.86	1,055.19	1,141.17
Ability to repay debt	Current ratio (%)	199.70	203.51	227.09	208.33	197.64
	Quick ratio (%)	112.30	113.20	135.47	129.86	134.65
	Debt service coverage ratio	3,548.21	4,695.42	7,960.85	8,120.60	10,632.86
Utility	A/R turnover (time)	9.67	10.11	9.70	9.82	9.76
	Average days of payment	38	36	38	37	37
	Inventory turnover (time)	5.11	5.09	4.75	4.83	5.57
	A/P turnover (time)	6.57	7.60	7.35	6.37	5.71
	Average daily sales	71	72	77	76	66
	Property, plant and equipment turnover (time)	21.61	23.03	21.20	22.23	26.16
	Total assets turnover (time)	1.53	1.57	1.46	1.47	1.56
Profitability	Return on Assets (%)	7.69	7.43	5.87	6.77	7.60
	Return on equity (%)	11.18	10.80	8.51	10.11	11.88
	Net income before tax as a percentage of paid-in capital (%) (Note 7)	42.01	44.86	37.46	45.04	47.83
	Net profit rate (%)	5.04	4.75	4.03	4.61	4.87
	EPS ($)	3.76	3.82	3.05	3.64	4.41
Cash flow	Cash flow ratio (%)	17.20	23.50	36.71	29.60	28.80
	Cash flow adequacy ratio (%)	106.00	92.86	85.39	93.79	118.78
	Cash reinvestment ratio (%)	1.48	1.90	7.15	7.79	8.45
Leverage	Operation leverage	1.15	1.16	1.22	1.18	1.19
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Reasons for Changes in financial ratios in the last 2 years: (for changes of 20% or more)
1. Ability to repay debt: Interest coverage ratio increased against that for the previous period mainly due to the decrease in interest fee of subsidiaries in China.

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

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

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

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

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

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

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

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

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

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

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

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

Financial Analysis (Consolidated) - IFRS

Subject (Note 3)	Year (Note 1)	2013	2014	2015	2016	2017	Financial analysis as of March 31, 2018 (Note 2)
		Financial analysis for the past five years					
Financial structure	Liabilities to assets ratio (%)	37.57	32.99	32.15	36.59	37.54	38.78
	Long-term capital to Property, plant and equipment ratio (%)	529.52	544.04	574.06	599.60	636.53	660.21
Ability to repay debt	Current ratio (%)	214.48	251.95	274.81	244.69	240.46	236.51
	Quick ratio (%)	123.59	161.03	176.00	167.91	177.65	167.06
	Debt service coverage ratio	105.49	160.17	1,858.73	30.92	814.22	1,986.07
Utility	A/R turnover (time)	9.82	9.45	8.99	9.86	9.90	10.25
	Average days of payment	37	39	41	37	37	36
	Inventory turnover (time)	5.29	5.23	4.87	4.81	5.45	6.67
	A/P turnover (time)	7.07	8.20	7.97	6.69	6.01	6.93
	Average daily sales	69	70	75	76	67	55
	Property, plant and equipment turnover (time)	11.85	12.92	12.32	13.21	15.39	20.47
	Total assets turnover (time)	1.56	1.59	1.52	1.51	1.60	1.99
Profitability	Return on Assets (%)	7.26	7.02	5.74	6.84	7.44	15.90
	Return on equity (%)	11.20	10.80	8.51	10.11	11.88	25.86
	Net income before tax as a percentage of paid-in capital (%) (Note 7)	43.61	46.82	42.47	47.09	49.96	122.41
	Net profit rate (%)	4.62	4.39	3.78	4.38	4.65	8.00
	EPS ($)	3.76	3.82	3.05	3.64	4.41	2.54
Cash flow	Cash flow ratio (%)	14.22	26.72	34.55	33.22	27.92	-3.65
	Cash flow adequacy ratio (%)	128.03	131.46	113.52	116.98	132.38	118.85
	Cash reinvestment ratio (%)	2.09	3.55	6.58	9.50	7.94	-1.88
Leverage	Operation leverage	1.39	1.38	1.59	1.43	1.35	1.11
	Financial leverage	1.01	1.01	1.00	1.06	1.00	1.00

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

1. Ability to repay debt: Interest coverage ratio increased against that for the previous period mainly due to the decrease in interest fee of subsidiaries in China.

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

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

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

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

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

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

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

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

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

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

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

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

III. Audit Committee's Review Report on 2017 Financial Statement

Audit Committee Approval/Audit Report

This Audit Committee has approved the individual financial statements of the Company and the consolidated financial statements of the Group for fiscal year 2017 that have been passed by the Board of Directors. The CPA firm PwC Taiwan was then retained to audit such statements by CPAs Chun-yuan Xiao and Fang-yu Wang and issued the "unqualified opinion with explanatory paragraph" audit report. These statements have been reviewed and determined to be compliant with all relevant laws and regulations. In addition, this Audit Committee has audited the business report and earnings allocation proposal of fiscal year 2017 passed by the Board of Directors and determined they have complied with relevant laws and regulations. This report is thus issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

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

Cheng-li Yang
Convener
Audit Committee

17 April 2018

IV. Audited Unconsolidated Financial Statements in the most recent year

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying parent company only balance sheets of Giga-Byte Technology Co., Ltd. as at December 31, 2017 and 2016, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other independent accountants, as described in the *Other matters* section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

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

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

Revenue from significant new counterparties

Description

Please refer to Note 4(26) for the accounting policies on revenue recognition. For the year ended December 31, 2017, the parent company only operating revenue amounted to NT$57,213,666 thousand.

The Company has various customers across the world and there was no revenue from a single customer that exceeds 10% of parent company only operating revenue. Given that verifying the existence of the transaction counterparty is critical to the revenue recognition, the occurrence of revenue from significant new counterparties was identified as a key audit matter.

How our audit addressed the matter

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

1. Interviewed with management and obtained an understanding of the revenue recognition policy, and the consistency of the policy application during the financial reporting periods.

2. Obtained an understanding and tested credit check procedures for significant new counterparties. Verified that the transactions with significant new counterparties have been properly approved and agreed with supporting documentation, which include searching transaction counterparty's related information.

3. Obtained an understanding and tested the selling price and credit terms of significant new counterparties.

4. Interviewed with management and obtained an understanding for the reason of accounts receivable overdue from significant new counterparties in order to evaluate the reasonableness.

5. Sampled and tested detailed revenue schedules of significant new counterparties and verified the original supporting documentation.

6. Issued accounts receivable confirmation letters to significant new counterparties. Understood 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 balance sheet if no confirmation reply was received.

Assessment of allowance for valuation of inventory loss

Description

Please refer to Note 4(11) for the accounting policies on evaluation of inventories; Note 5(2) for uncertainty of accounting estimates and assumption on inventory evaluation; and Note 6(4) for the details of the inventories. As of December 31, 2017, the inventories and allowance for valuation loss amounted to NT$8,533,810 thousand and NT$152,724 thousand, respectively.

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

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

How our audit addressed the matter

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

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

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

3. Tested the appropriateness of system logic in inventory aging report which management adopts for inventories valuation purpose, and verified that obsolete inventories which exceeds certain aging periods 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 result obtained from observation of physical inventory count.

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

Other matter – Report of the other independent accountants

We did not audit the financial statements of certain parent company only subsidiaries and investments accounted for using the equity method. Those financial statements were audited by the other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts included in the financial statements was based solely on the reports of the other independent accountants. The aforementioned equity investments were $76,901 thousand and $78,782 thousand, representing 0.20% and 0.22% of total parent company only assets as of December 31, 2017 and 2016, respectively, and total net comprehensive loss were $14,189 thousand and $36,783 thousand, representing (0.50%) and (2.00%) 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 Preparations of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chun-Yuan Hsiao　　　　Fang-Yu Wang
For and on behalf of PricewaterhouseCoopers, Taiwan
March 15, 2018

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

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

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

			December 31, 2017		December 31, 2016	
	Assets	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 11,036,514	29	$ 9,307,785	26
1110	Financial assets at fair value through profit or loss - current	6(2)	421,007	1	460,599	1
1150	Notes receivable-net		5,352	-	8,048	-
1170	Accounts receivable-net	6(3)	3,949,604	11	3,094,347	9
1180	Accounts receivable-related parties-net	7	2,338,274	6	2,325,325	7
1200	Other receivables		295,560	1	276,231	1
130X	Inventories-net	6(4)	8,381,086	22	9,264,512	26
1470	Other current assets		61,237	-	84,561	-
11XX	**Total current assets**		26,488,634	70	24,821,408	70
	Non-current assets					
1550	Investments accounted for under equity method	6(5)	8,809,612	23	7,586,732	22
1600	Property, plant and equipment-net	6(6)	2,160,918	6	2,213,725	6
1760	Investment property-net	6(7)	176,700	-	210,891	1
1780	Intangible assets		14,014	-	27,774	-
1840	Deferred income tax assets	6(20)	232,111	1	235,905	1
1900	Other non-current assets	6(8) and 8	180,300	-	177,186	-
15XX	**Total non-current assets**		11,573,655	30	10,452,213	30
1XXX	**Total assets**		$ 38,062,289	100	$ 35,273,621	100

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

			December 31, 2017		December 31, 2016	
	Liabilities and Equity	Notes	Amount	%	Amount	%
	Liabilities					
	Current liabilities					
2150	Notes payable		$ 18,628	-	$ 29,869	-
2170	Accounts payable		8,293,689	22	7,459,360	21
2180	Accounts payable-related parties	7	944,944	2	451,863	1
2200	Other payables	6(9)	3,336,517	9	2,743,958	8
2230	Current income tax liabilities		98,181	-	318,097	1
2250	Provisions for liabilities - current	6(10)	444,706	1	443,832	1
2300	Other current liabilities	7	265,881	1	467,745	2
21XX	**Total current liabilities**		13,402,546	35	11,914,724	34
	Non-current liabilities					
2570	Deferred income tax liabilities	6(20)	7,542	-	10,328	-
2600	Other non-current liabilities	6(11)	562,300	2	538,064	1
25XX	**Total non-current liabilities**		569,842	2	548,392	1
2XXX	**Total liabilities**		13,972,388	37	12,463,116	35
	Equity					
	Capital stock	6(13)				
3110	Common stock		6,356,889	17	6,291,179	18
	Capital surplus	6(14)				
3200	Capital surplus		3,962,314	10	4,602,046	13
	Retained earnings	6(15)				
3310	Legal reserve		3,846,604	10	3,617,317	10
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings	6(20)	9,567,977	25	8,048,962	23
	Other equity					
3400	Other equity		(70,237)	-	(175,353)	-
3XXX	**Total equity**		24,089,901	63	22,810,505	65
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 38,062,289	100	$ 35,273,621	100

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

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	2017 Amount	2017 %	2016 Amount	2016 %
4000	**Operating revenue**	7	$ 57,213,666	100	$ 49,735,072	100
5000	**Operating costs**	6(4)(18)(19) and 7	(49,124,330)	(86)	(42,420,138)	(85)
5900	**Gross profit**		8,089,336	14	7,314,934	15
	Operating expenses	6(18)(19) and 7				
6100	Selling expenses		(3,233,728)	(6)	(2,687,687)	(6)
6200	General and administrative expenses		(1,031,976)	(2)	(1,069,263)	(2)
6300	Research and development expense		(1,849,544)	(3)	(1,623,503)	(3)
6000	**Total operating expenses**		(6,115,248)	(11)	(5,380,453)	(11)
6900	**Operating profit**		1,974,088	3	1,934,481	4
	Non-operating revenue and expenses					
7010	Other income	6(7)(16)	443,664	1	1,195,414	3
7020	Other gains and losses	6(17)	(162,358)	-	53,111	-
7050	Finance costs		(286)	-	(349)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(5)	785,603	1	(348,858)	(1)
7000	**Total non-operating revenue and expenses**		1,066,623	2	899,318	2
7900	**Profit before income tax**		3,040,711	5	2,833,799	6
7950	Income tax expense	6(20)	(254,300)	(-)	(540,935)	(1)
8200	**Profit for the year**		$ 2,786,414	5	$ 2,292,864	5
	Other comprehensive income-net					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(11)	($ 36,990)	-	($ 32,747)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	6,288	-	5,567	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(30,702)	-	(27,180)	-
	Components of other comprehensive income that will subsequently be reclassified to profit or loss					
8361	Exchange differences arising from translation of foreign operations		(54,825)	-	(464,646)	(1)
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		159,941	-	(42,141)	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(105,116)	-	(422,505)	(1)
8300	**Other comprehensive income (loss) for the year, net**		$ 74,414	-	($ 449,685)	(1)
8500	**Total comprehensive income for the year**		$ 2,860,825	5	$ 1,843,179	4
9750	**Basic earnings per share**	6(21)	$	4.41	$	3.64
9850	**Diluted earnings per share**		$	4.30	$	3.56

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

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in thousands of New Taiwan dollars)

				Retained earnings			Other equity		
	Notes	Capital stock-Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from translation of foreign operations	Unrealised gain (loss) on valuation of available-for-sale financial assets	Total equity
Year 2016									
Balance at January 1, 2016		$ 6,290,629	$ 4,601,581	$ 3,425,311	$ 426,354	$ 7,547,941	$ 252,106	($ 4,954)	$ 22,538,968
Appropriations of 2015 earnings:	6(15)								
Legal reserve		-	-	192,006	-	(192,006)	-	-	-
Cash dividends		-	-	-	-	(1,572,657)	-	-	(1,572,657)
Share-based payment	6(12)	550	11	-	-	-	-	-	561
Changes in equity of associates accounted for using equity method		-	454	-	-	-	-	-	454
Profit for the year		-	-	-	-	2,292,864	-	-	2,292,864
Other comprehensive income (loss) for the year		-	-	-	-	(27,180)	(464,646)	42,141	(449,685)
Balance at December 31, 2016		$ 6,291,179	$ 4,602,046	$ 3,617,317	$ 426,354	$ 8,048,962	($ 212,540)	$ 37,187	$ 22,810,505
Year 2017									
Balance at January 1, 2017		$ 6,291,179	$ 4,602,046	$ 3,617,317	$ 426,354	$ 8,048,962	($ 212,540)	$ 37,187	$ 22,810,505
Appropriations of 2016 earnings:	6(15)								
Legal reserve		-	-	229,287	-	(229,287)	-	-	-
Cash dividends		-	-	-	-	(1,007,407)	-	-	(1,007,407)
Cash distribution from capital surplus	6(14)	-	(629,630)	-	-	-	-	-	(629,630)
Share-based payment	6(12)	65,710	(2,566)	-	-	-	-	-	63,144
Effects on capital reorganisation		-	1,852	-	-	-	-	-	1,852
Changes in equity of associates and subsidiaries accounted for using equity method		-	(1,966)	-	-	-	-	-	(1,966)
Disposal of investments accounted for using equity method		-	(7,422)	-	-	-	-	-	(7,422)
Profit for the year		-	-	-	-	2,786,411	-	-	2,786,411
Other comprehensive income for the year		-	-	-	-	(30,702)	(54,825)	159,941	74,414
Balance at December 31, 2017		$ 6,356,889	$ 3,962,314	$ 3,846,604	$ 426,354	$ 9,567,977	($ 267,365)	$ 197,128	$ 24,089,901

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

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
Cash flows from operating activities			
Profit before income tax		$ 3,040,711	$ 2,833,799
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(6)(18)	134,828	118,893
Depreciation charge on investment property	6(7)	1,408	1,643
Amortization	6(18)	154,962	153,099
Provision (reversal of provision) for doubtful accounts	6(3)(18)	13,319	(10,576)
Net loss on financial assets at fair value through profit or loss	6(2)(17)	14,807	18,449
Interest expense		286	349
Interest income	6(16)	(66,068)	(56,229)
Share of (income) loss of subsidiaries and associates accounted for using the equity method	6(5)	(785,603)	348,858
Gain on disposal of property, plant and equipment	6(17)	(400)	(1,233)
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		24,785	(199,047)
Notes receivable		2,696	(2,250)
Accounts receivable		(881,525)	(711,318)
Other receivables		(18,868)	20,108
Inventories		883,426	(972,072)
Other current assets		23,324	(17,605)
Net changes in liabilities relating to operating activities			
Notes payable		(11,241)	(5,346)
Accounts payable		1,327,410	2,574,166
Other payables		592,559	(18,591)
Provisions for liabilities		874	(1,018)
Other current liabilities		(201,864)	(155,878)
Other non-current liabilities		11,181	4,404
Cash generated from operations		4,261,007	3,922,605
Interest received		65,607	56,155
Interest paid		(286)	(349)
Income tax paid		(466,920)	(452,109)
Net cash provided by operating activities		3,859,408	3,526,302

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
Cash flows from investing activities			
Proceeds from disposal of held-to-maturity financial assets		$ -	$ 150,990
Acquisition of investments accounted for using equity method		(349,317)	(140,000)
Acquisition of property, plant and equipment	6(6)	(49,238)	(171,131)
Proceeds from disposal of property, plant and equipment		400	9,574
Increase in refundable deposits		(3,829)	(1,863)
Acquisition of intangible assets		(45,843)	(156,597)
Decrease in other financial assets		-	290,000
(Increase) decrease in other non-current assets		(94,643)	4,771
Net cash used in investing activities		(542,470)	(14,256)
Cash flows from financing activities			
(Decrease) increase in deposits received		(14,316)	10,109
Cash dividends paid	6(15)	(1,007,407)	(1,572,657)
Employee stock options exercised	6(12)	63,144	561
Cash distribution from capital surplus	6(14)	(629,630)	-
Net cash used in financing activities		(1,588,209)	(1,561,987)
Increase in cash and cash equivalents		1,728,729	1,950,059
Cash and cash equivalents at beginning of year		9,307,785	7,357,726
Cash and cash equivalents at end of year		$ 11,036,514	$ 9,307,785

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

GIGA-BYTE TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

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

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 15, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment entities: applying the consolidation exception'	January 1, 2016
Amendments to IFRS 11, 'Accounting for acquisition of interests in joint operations'	January 1, 2016
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Amendments to IAS 1, 'Disclosure initiative'	January 1, 2016
Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation'	January 1, 2016
Amendments to IAS 16 and IAS 41, 'Agriculture: bearer plants'	January 1, 2016
Amendments to IAS 19, 'Defined benefit plans: employee contributions'	July 1, 2014
Amendments to IAS 27, 'Equity method in separate financial statements'	January 1, 2016
Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'	January 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting'	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016

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 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

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

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

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

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

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

Step 1: Identify contracts with customer.

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

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

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

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

C. Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided);

and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

When adopting the new standards endorsed by the FSC effective from 2018, the Company will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. Further, the Company expects to adopt IFRS 15 using the modified retrospective approach. The significant effects of applying the new standards as of January 1, 2018 are summarised below:

A. In line with the regulations of IFRS 9 on provision for impairment, accounts receivable will have to be increased by \$5,999 and retained earnings increased by \$4,799.

B. Recognition of deferred tax

When adopting the initial application of IFRS 9, the Company will have to recognise adjustments in the balance sheet which would result to temporary differences. Accordingly, deferred tax assets will have to be decreased by \$1,200.

C. Presentation of contract assets and contract liabilities

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

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

(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 9, 'Prepayment features with negative compensation'	January 1, 2019
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 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

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

(4) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

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

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(7) Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(8) Impairment of financial assets

A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation ;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(g) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(9) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(10) Lease receivables/ operating leases (lessor)

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

(11) Inventories

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

(12) Investments accounted for using equity method / subsidiaries

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

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

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

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

(13) Property, plant and equipment

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

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

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

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

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

(14) Operating leases (lessee)

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

(15) Investment property

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

(16) Intangible assets

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

(17) Impairment of non-financial assets

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

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

(18) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(19) Derecognition of financial liabilities

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

(20) Provisions

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Termination benefits

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

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

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

(22) Employee share-based payment

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

(23) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

(24) Share capital

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

(25) 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.

(26) Revenue recognition

A. The Company manufactures and sells computer peripheral and component parts products. Revenue is measured at the fair value of the consideration received or receivable taking into account of value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The Company offers customers volume discounts and right of return for defective products. The Company estimates such discounts and returns based on historical experience. Allowance accounts for such liabilities are recorded when the sales are recognised.

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

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

(1) Critical judgements in applying the Company accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash on hand and petty cash	$ 2,244	$ 2,323
Checking accounts and demand deposits	3,945,374	3,650,382
Time deposits	7,088,896	5,655,080
	$ 11,036,514	$ 9,307,785

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

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

(2) Current financial assets at fair value through profit or loss

	December 31, 2017	December 31, 2016
Financial assets held for trading		
Open-end funds-Domestic	$ 181,100	$ 240,000
Open-end funds-Overseas	105,591	14,818
Corporate bonds	64,257	64,256
Government bonds	79,923	144,357
	430,771	463,431
Valuation adjustment	(9,764)	(2,832)
	$ 421,007	$ 460,599

A. The Company recognised net loss of $14,807 and of $18,449 on financial assets held for trading for the years ended December 31, 2017 and 2016, respectively.

B. The counterparties of the Company's debt instrument investments have credit quality ratings above "investment grade".

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

(3) Accounts receivable - net

	December 31, 2017	December 31, 2016
Accounts receivable – third parties	$ 3,988,277	$ 3,141,440
Less: Allowance for doubtful accounts	(38,673)	(47,093)
Accounts receivable - net	$ 3,949,604	$ 3,094,347

A. The Company's credit quality for accounts receivable is assessed in accordance with the customer's credit rating and the collection period for the calculation basis of impairment loss. The Company has an internal credit valuation policy for its customers and the Company's finance department routinely or randomly revaluates whether the credit ratings are still appropriate and makes adjustments when necessary in order to ascertain the latest condition of the customers. The credit rating for customers is based on the scale of the industry operations, profit-generating conditions, and the credit rating given by financial institutions as references for assessment.

B. The ageing analysis was based on past due date. The Company did not hold any financial assets that were past due but not impaired.

C. Movement analysis of the allowance for bad debts of financial assets that were impaired is as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 47,093	$ 47,093
Provision of impairment	-	13,319	13,319
Write-offs during the period	-	(21,739)	(21,739)
At December 31,	$ -	$ 38,673	$ 38,673

	2016		
	Individual provision	Group provision	Total
At January 1	$ -	$ 63,119	$ 63,119
Reversal for impairment	-	(10,576)	(10,576)
Write-offs during the period	-	(5,450)	(5,450)
At December 31,	$ -	$ 47,093	$ 47,093

D. The Company does not hold any collateral as security.

(4) Inventories

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

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 2,833,908	($ 72,028)	$ 2,761,880
Work in progress	911,765	(3,858)	907,907
Finished goods and merchandise inventories	5,682,999	(88,274)	5,594,725
	$ 9,428,672	($ 164,160)	$ 9,264,512

The cost of inventories recognised as expense for the period:

	Years ended December 31, 2017	Years ended December 31, 2016
Cost of inventories sold	$ 48,858,910	$ 42,164,819
Cost of warranty	276,853	263,786
Gain from price recovery of inventory	(11,436)	(8,479)
Others	3	12
	$ 49,124,330	$ 42,420,138

For the years ended December 31, 2017 and 2016, the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the sale of part of its inventories which were declining in market value.

(5) Investments accounted for using the equity method

	December 31, 2017	December 31, 2016
Subsidiaries		
Freedom International Group Ltd.	$ 5,495,121	$ 4,948,827
Chi-Ga Investments Corp.	2,510,439	1,842,482
G-Style Co., Ltd.	348,552	442,594
Giga-Byte Technology B.V.	126,800	121,893
G.B.T. Inc.	112,618	93,298
G.B.T. Technology Trading GmbH	58,052	51,634
Giga-Zone International Co., Ltd.	21,285	(10,103)
Giga-Byte Communication Inc.	(483)	4,041
G.B.T. Technology LLC others	136,745	81,963
	8,809,129	7,576,629
Add: Reclassified to other non-current liabilities	483	10,103
	$ 8,809,612	$ 7,586,732

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2017 for more information on the Company's subsidiary.

B. The investment gain (loss) of $785,603 and ($348,858) were accounted for using equity method based on the audited financial statements of the investee companies for the years ended December 31, 2017 and 2016, respectively, except as stated in the following paragraph.

C. The Company continued to account for the operating losses of its subsidiary, Giga-Byte Communication Inc. and Giga-Zone International Co., Ltd. under investment losses. As of December 31, 2017 and 2016, the credit balance of the carrying amount of investments recognised under the equity method was reclassified to other non-current liabilities, respectively.

(6) Property, plant and equipment

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

	Land	Buildings	Machinery	Others	Total
At January 1, 2016					
Cost	$ 953,993	$ 1,575,059	$ 1,130,230	$ 680,653	$ 4,339,935
Accumulated depreciation	-	(531,232)	(967,130)	(581,621)	(2,079,983)
	$ 953,993	$ 1,043,827	$ 163,100	$ 99,032	$ 2,259,952
2016					
Opening net book amount	$ 953,993	$ 1,043,827	$ 163,100	$ 99,032	$ 2,259,952
Additions	-	8,265	112,254	50,612	171,131
Disposals	-	-	(691)	(7,650)	(8,341)
Reclassifications	(56,789)	(31,928)	96	(1,503)	(90,124)
Depreciation charge	-	(32,643)	(41,779)	(44,471)	(118,893)
Closing net book amount	$ 897,204	$ 987,521	$ 232,980	$ 96,020	$ 2,213,725
At December 31, 2016					
Cost	$ 897,204	$ 1,537,298	$ 1,104,000	$ 646,811	$ 4,185,313
Accumulated depreciation	-	(549,777)	(871,020)	(550,791)	(1,971,588)
	$ 897,204	$ 987,521	$ 232,980	$ 96,020	$ 2,213,725

A. The significant components of buildings include main plants and renovation projects, which are depreciated over 50 and 10 years, respectively.

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

(7) Investment property

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

	Land		Buildings		Total	
At January 1, 2016						
Cost	$	81,019	$	45,316	$	126,335
Accumulated depreciation		-	(	3,925)	(	3,925)
	$	81,019	$	41,391	$	122,410
2016						
Opening net book amount	$	81,019	$	41,391	$	122,410
Reclassifications		56,789		33,335		90,124
Depreciation charge		-	(	1,643)	(	1,643)
Closing net book amount	$	137,808	$	73,083	$	210,891
At December 31, 2016						
Cost	$	137,808	$	90,848	$	228,656
Accumulated depreciation		-	(	17,765)	(	17,765)
	$	137,808	$	73,083	$	210,891

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

	Years ended December 31,	
	2017	2016
Rental income from investment property	$ 10,688	$ 12,452
Direct operating expenses arising from the investment property that generated rental income during the period	$ 1,408	$ 1,643

B. The fair value of the investment property held by the Company as at December 31, 2017 and 2016 was $211,570 and $267,441, respectively, which was valuated with reference to the future rental income and the related discounted cash flows, which was categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2017	December 31, 2016
Discount rate	1.845%	1.845%

(8) Other non-current assets

	December 31, 2017	December 31, 2016
Pledged assets	$ 40,897	$ 40,816
Refundable deposits	27,166	23,337
Others	112,237	113,033
	$ 180,300	$ 177,186

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

(9) Other payables

	December 31, 2017	December 31, 2016
Salary and bonus payable	$ 2,331,618	$ 1,911,388
Employees' compensation and directors' and supervisors' remuneration payable	388,968	365,978
Royalties payable	64,992	86,892
Shipping and freight-in payable	119,188	102,509
Others	431,751	277,191
	$ 3,336,517	$ 2,743,958

(10) Provisions

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

	2017	2016
At January 1	$ 443,832	$ 444,850
Additional provisions	276,853	263,786
Used during the period	(275,979)	(264,804)
At December 31	$ 444,706	$ 443,832

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.

(11) Pensions

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

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

	December 31, 2017	December 31,2016
Present value of defined benefit obligations	($ 776,787)	($ 738,594)
Fair value of plan assets	218,767	228,745
Net defined benefit liability	($ 558,020)	($ 509,849)

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

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	($ 715,011)	$ 242,313	($ 472,698)
Current service cost	(4,976)	-	(4,976)
Interest (expense) income	(10,683)	3,697	(6,986)
Past service cost	409	-	409
	(730,261)	246,010	(484,251)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,035)	(2,035)
Change in demographic assumptions	(21,343)	-	(21,343)
Change in financial assumptions	-	-	-
Experience adjustments	(9,369)	-	(9,369)
	(30,712)	(2,035)	(32,747)
Pension fund contribution	-	7,149	7,149
Paid pension	22,379	(22,379)	-
Balance at December 31	($ 738,594)	$ 228,745	($ 509,849)

(c)The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2017	2016
Discount rate	1.25%	1.50%
Future salary increases	3.00%	3.00%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2017				
Effect on present value of defined benefit obligation	($ 25,375)	$ 26,524	$ 25,999	($ 25,013)
December 31, 2016				
Effect on present value of defined benefit obligation	($ 25,330)	$ 26,516	$ 26,056	($ 25,029)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. 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 method and assumptions used for the preparation of sensitivity analysis during 2016 and during 2015 are the same.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2018 amounts to $14,166.

(f) As of December 31, 2017, the weighted average duration of that retirement plan is 13 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	8,531
1-2 year(s)		13,193
2-5 years		61,915
Over 5 years		821,926
	$	905,565

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, 2017 and 2016 were $78,644 and $75,912, respectively.

(12) Share-based payment

A. For the years ended December 31, 2017 and 2016, the Company's share-based payment transactions are set forth below:

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

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

	2017		2016	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	9,984	$ 10.20	10,039	$ 10.90
Options exercised	(6,571)	9.61	(55)	10.20
Options forfeited	(100)	9.55	-	-
Options expired	(3,313)	9.55	-	-
Options outstanding at December 31	-	-	9,984	10.20
Options exercisable at December 31	-		9,984	

C. The weighted-average stock price of stock options at exercise date of 2017 and 2016 was \$38.95~\$51.05 and \$33.53~\$43.43 (in dollars), respectively.

D. As of December 31, 2016, the range of exercise price of stock options outstanding was \$10.20, and the weighted-average remaining vesting period was 0.97 year.

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

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

(13) Share capital

A. As of December 31, 2017, the Company's authorised capital was \$9,500,000, consisting of 950,000 thousand shares of ordinary shares (including 250,000 thousand shares reserved for employee stock options and for convertible bonds issued by the Company), and the paid-in capital was \$6,356,889 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected:

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

	2017	2016
At January 1	629,117,886	629,062,886
Employee stock options exercised	6,571,000	55,000
At December 31	635,688,886	629,117,886

B. The number of shares of common stock issued for the years ended December 31, 2017 and 2016 due to the exercise of employee stock options is 6,571,000 and 55,000 shares, respectively.

(14) Capital surplus

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

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

(15) Retained earnings

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

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

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

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

D. The appropriation of 2016 earnings had been proposed by the Board of Directors on June 14, 2017 and the appropriation of 2015 earnings had been resolved at the stockholders' meeting on June 15, 2016. Details are summarised below:

	Years ended December 31,			
	2016		2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 229,287		$ 192,006	
Cash dividends	1,007,407	$ 1.60	1,572,657	$ 2.50

E. As of the date of the auditor's report, the appropriation of retained earnings for 2017 has not been resolved by the Board of Directors. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(19).

(16) Other income

	Years ended December 31,	
	2017	2016
Interest income	$ 66,068	$ 56,229
Rental revenue	12,193	14,057
Other income	365,403	1,125,128
	$ 443,664	$ 1,195,414

(17) Other gains and losses

	Years ended December 31,	
	2017	2016
Net currency exchange (losses) gains	($ 145,277)	$ 78,744
Net losses on financial assets at fair value through profit or loss	(14,807)	(18,449)
Gains on disposal of property, plant and equipment	400	1,233
Others	(2,674)	(8,417)
Total	($ 162,358)	$ 53,111

(18) Expenses by nature

	Years ended December 31,	
	2017	2016
Cost of goods sold	$ 48,776,523	$ 42,090,272
Employee benefit expense	3,698,851	3,327,682
Depreciation and amortisation	289,790	271,992
Warranty cost of after-sale service	276,853	263,786
Transportation expenses	155,027	167,414
Losses on doubtful debts (gains on reversal)	13,319	(10,576)
Other costs and expenses	2,029,215	1,690,021
Total	$ 55,239,578	$ 47,800,591

(19) Employee benefit expense

	Years ended December 31,	
	2017	2016
Wages and salaries	$ 3,326,276	$ 2,970,508
Labor and health insurance fees	179,926	172,282
Pension costs	90,258	87,465
Other personnel expenses	102,391	97,427
	$ 3,698,851	$ 3,327,682

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, 2017 and 2016, employees' compensation was accrued at \$342,968 and \$319,978, respectively; while directors' remuneration was both accrued at \$46,000. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 10% and 1.34% of distributable profit of current year for the year ended December 31, 2017. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$342,968 and \$46,000, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2016 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2016 financial statements.

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

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2017	Years ended December 31, 2016
Current tax:		
Current tax on profits for the period	$ 226,845	$ 532,529
Tax on undistributed surplus earnings	102,899	9,015
Prior year income tax overestimation	(82,740)	(8,419)
Total current tax	247,004	533,125
Deferred tax:		
Origination and reversal of temporary differences	7,296	7,810
Income tax expense	$ 254,300	$ 540,935

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

	Years ended December 31, 2017	Years ended December 31, 2016
Remeasurement of defined benefit obligations	(\$ 6,288)	(\$ 5,567)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2017	Years ended December 31, 2016
Tax calculated based on profit before tax and statutory tax rate	$ 516,921	$ 481,746
Expenses disallowed by tax regulation	(117,286)	43,731
Tax exempt income by tax regulation	(5)	(5)
Effect from investment tax credits	(66,027)	-
Tax on undistributed surplus earnings	102,899	9,015
Prior year income tax overestimation	(82,740)	(8,419)
Changes in assessment of realisability of deferred tax assets	(99,462)	14,867
Income tax expense	$ 254,300	$ 540,935

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

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

	Year ended December 31, 2016			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Provision for warranty expense	$ 75,625	($ 173)	$ -	$ 75,452
Loss on inventory	29,349	(1,442)	-	27,907
Amount of allowance for bad debts that exceed the limit for tax purpose	2,999	-	-	2,999
Pension expense	36,676	750	-	37,426
Unrealized profit on intercompany sales	44,021	(4,572)	-	39,449
Remeasurement of defined benefit obligations	9,249	-	5,567	14,816
Others	47,435	(9,579)	-	37,856
	245,354	(15,016)	5,567	235,905
Deferred tax liabilities				
Unrealized exchange gain	(17,534)	7,206	-	(10,328)
	$ 227,820	($ 7,810)	$ 5,567	$ 225,577

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2017 and 2016, the amounts of temporary difference unrecognised as deferred tax liabilities were $119,354 and $10,904, respectively.

E. The Company's income tax returns through 2015 have been assessed and approved by the Tax Authority.

F. With the abolishment of the imputation tax system under the amendments to the Income Tax Act promulgated by the President of the Republic of China in February, 2018, the information on unappropriated retained earnings and the balance of the imputation credit account as of December 31, 2017, as well as the estimated creditable tax rate for the year ended December 31, 2017 is no longer disclosed.

G. Unappropriated retained earnings on December 31, 2016:

	December 31, 2016
Earnings generated in and before 1997	$ 62,797
Earnings generated in and after 1998	7,986,165
	$ 8,048,962

H. As of December 31, 2016, the balance of the imputation tax credit account was $1,207,828. The creditable tax rate was 17.68% for the year ended December 31, 2016.

(21) Earnings per share

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

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 2,292,864	629,074	$ 3.64
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
—Employees' bonus	-	7,424	
—Convertible bonds	-	7,382	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 2,292,864	643,880	$ 3.56

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Gigabyte Technology Pty. Ltd. (G.B.T.-AU)	The Company's subsidiary
Giga-Byte Technology B.V. (G.B.T.-NL)	〃
Giga-Byte Technology (India) Private Limited (G.B.T.-India)	〃
Nippon Giga-Byte Corp. (G.B.T.-Japan)	〃
Gigabyte Technology ESPANA S.L.U. (G.B.T.-SP)	〃

Names of related parties	Relationship with the Company
Gigabyte Information Technology Commerce Limited Company (G.B.T.-Turkey)	The Company's subsidiary
Gigabyte Technology LLC (G.B.T.-Korea)	〃
G-Style Co., Ltd.	〃
Giga-Byte Communication Inc.	〃
Giga-Zone International Co., Ltd.	〃
Chi-Ga Investments Corp.	〃
G.B.T., Inc. (G.B.T-USA)	〃
Giga Advance (Labuan) Limited (Giga Advance)	The Company's Indirect subsidiary
G.B.T. LBN Inc. (G.B.T.-LBN)	〃
Gigabyte Trading Inc. (GTA)	〃
Cloud Ride Limited (Cloud Ride)	〃
Green Share Co., Ltd.	〃
Senyun Precise Optical Co., Ltd.	〃
Selita Precision Co., Ltd.	〃

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2017	2016
Sales of goods:		
Giga Advance	$ 11,931,008	$ 14,701,738
G.B.T.-USA	9,166,647	7,945,626
Subsidiaries	1,478,373	1,315,614
Indirect subsidiaries	69,503	73,673
	$ 22,645,531	$ 24,036,651

The sales prices to related parties were based on the agreed contracts. Credit terms to related parties were within 14~90 days after receipt of goods. Credit terms to third parties were up to 70 days after shipment of goods.

B. Purchases

	Years ended December 31,	
	2017	2016
Purchases of goods：		
Subsidiaries	$ 20,173	$ 1,890
Indirect subsidiaries	418,091	424,016
	$ 438,264	$ 425,906

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

C. Processing expense

	Years ended December 31,	
	2017	2016
Purchases of services		
G.B.T.-LBN	$ 1,679,181	$ 1,528,672

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

D. Warranty expense

	December 31, 2017	December 31, 2016
Purchases of services:		
G.B.T.-NL	$ 76,326	$ 65,997
G.B.T.-India	30,718	28,641
Subsidiaries	8,938	10,540
Indirect subsidiaries	7,577	18,429
	$ 123,559	$ 123,607

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

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

	December 31, 2017	December 31, 2016
Purchases of services:		
G.B.T.-NL	$ 104,631	$ 114,756
G.B.T.-AU	53,819	45,768
Subsidiaries	75,357	88,451
	$ 233,807	$ 248,975

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

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

	December 31, 2017	December 31, 2016
Purchases of services:		
G.B.T.-NL	$ 101,993	$ 112,363
Subsidiaries	21,463	19,015
Indirect subsidiaries	8,762	10,804
	$ 132,218	$ 142,182

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

G. Accounts receivable

	December 31, 2017	December 31, 2016
Receivables from related parties:		
G.B.T.-USA	$ 1,506,156	$ 1,567,524
Subsidiaries	454,343	385,336
Indirect subsidiaries	377,795	372,465
	$ 2,338,274	$ 2,325,325

H. Accounts payable

	December 31, 2017	December 31, 2016
Payables to related parties:		
Subsidiaries	$ 11,497	$ 4,284
Indirect subsidiaries	933,447	447,579
	$ 944,944	$ 451,863

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

	December 31, 2017	December 31, 2016
Advance receipts-related parties:		
Subsidiaries	$ 2,056	$ 10,124

J. Property transactions

Acquisition of financial assets:

	Accounts	No. of shares	Objects	Year ended December 31, 2017 Consideration
Chi-Ga Investments Corp.	Investments accounted for using equity method	20,000,000	Stock	$ 200,000
Giga-Zone International Co., Ltd.	〃	8,500,000	〃	85,000
GBT-AU	〃	2,000,000	〃	46,317
Giga-Byte Communication Inc.	〃	1,800,049	〃	18,000
				$ 349,317

	Accounts	No. of shares	Objects	Year ended December 31, 2016 Consideration
Giga-Zone International Co., Ltd.	Investments accounted for using equity method	14,000,000	Stock	$ 140,000

K. Endorsements and guarantees provided to related parties

	December 31, 2017	December 31, 2016
Cloud Ride Limited	$ -	$ 177,535

(3) Key management compensation

	December 31, 2017	December 31, 2016
Salaries and other short-term employee benefits	$ 383,817	$ 280,136

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2017	December 31, 2016	Purpose
Pledged asset (accounted for as "Other non-current assets")			
- Pledged time deposits	$ 40,897	$ 40,816	Guarantee for the customs duties and deposits

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. This will increase the Company's deferred tax assets and deferred tax liabilities by $37,835 and $1,331, respectively, which will be adjusted in the first quarter of 2018.

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. Fair value information of financial instruments

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), notes payable, accounts payable (including related parties), other payables and deposits received) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

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. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(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. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 391,690	29.848	$ 11,691,163
RMB:NTD	75,909	4.578	347,511
Financial liabilities			
Monetary items			
USD:NTD	$ 228,173	29.848	$ 6,810,508
RMB:NTD	59,271	35.686	271,343

	December 31, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 334,928	32.279	$ 10,811,141
RMB:NTD	33,727	4.622	155,886
Financial liabilities			
Monetary items			
USD:NTD	$ 193,800	32.279	$ 6,255,670
RMB:NTD	52,788	4.622	243,986

iii. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2017 and 2016, amounted to (\$145,277) and \$78,744, respectively.

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

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 116,912	$ -
RMB:NTD	1%	3,475	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 68,105	$ -
RMB:NTD	1%	2,713	-

	Year ended December 31, 2016		
	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%	$ 108,111	$ -
RMB:NTD	1%	1,559	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 62,557	$ -
RMB:NTD	1%	2,440	-

Price risk

A. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the parent company only balance sheet as at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company's investments in domestic or foreign beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1 % with all other variables held constant, post-tax profit for the years ended December 31, 2017 and 2016 would have increased/decreased by $2,885 and $2,569, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Interest rate risk

i. The domestic bond fund investment by the Company was held mainly for trading purposes, the effective interest rate of this fund is affected by the market interest rate.

ii. The structured notes and investment floating bonds of the Company were range accrual notes, the effective interest rate of these notes are affected by the market interest rate; accordingly, the Company's future cash flows would fluctuate with the market interest rate change.

iii. For fixed interest rate bond investments held by the Company classified as financial assets at fair value through profit or loss, changes in market interest rates would affect their fair values. At December 31, 2017 and 2016, if market interest rates had been 1% higher/lower with all other variables held constant, other comprehensive income for the years ended December 31, 2017 and 2016 would have been $1,325 and $2,037 lower/higher, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

ii. The bond fund held by the Company was issued by well-known foreign banks and securities investment trust companies owned by or affiliated with domestic financial holding companies with good credit standing. Since the Company trades with several securities investment trust companies, credit risk is low.

iii. The Company has lower significant concentrations of credit risk, due to investment in corporate bonds or financial bonds. The maximum loss to the Company is the total amount of all book value.

iv. The Company has lower significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. The Company had credit insurance coverage for a majority of its customers. Accordingly, credit risk is low. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

v. Loan guarantees provided by the Company are in compliance with the Company's "Procedures for Provision of Endorsements and Guarantees" and are only provided to affiliated companies of which the Company owns directly or indirectly more than 50% ownership or a company which trades with the Company. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Company is the total amount of loan guarantees as listed above.

vi. The credit quality information of financial assets that are neither past due nor impaired is provided in the statement for each type of financial asset in Note 6.

vii. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

(c) Liquidity risk

i. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Notes payable	$ 18,628	$ -	$ -	$ 18,628
Accounts payable	9,238,633	-	-	9,238,633
Other payables	3,336,517	-	-	3,336,517

Non-derivative financial liabilities:

December 31, 2016	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Notes payable	$ 29,869	$ -	$ -	$ 29,869
Accounts payable	7,911,223	-	-	7,911,223
Other payables	2,743,958	-	-	2,743,958

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

(3) Fair value information

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Company's investment property measured at cost are provided in Note 6(7).

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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 at December 31, 2017 and 2016 is as follows:

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 288,539	$ -	$ -	$ 288,539
Debt securities	132,468	-	-	132,468
Total	$ 421,007	$ -	$ -	$ 421,007

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 256,882	$ -	$ -	$ 256,882
Debt securities	203,717	-	-	203,717
Total	$ 460,599	$ -	$ -	$ 460,599

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) 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

(b) 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.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) 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.

(e) 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.

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

E. For the years ended December 31, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2017 and 2016, 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: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 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.

14. OPERATING SEGMENTS

None.

V. Audited Consolidated Financial Statements in the most recent year

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2017, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under IFRS 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

GIGA-BYTE TECHNOLOGY CO., LTD.

Dandy Yeh

March 15, 2018

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of Giga-Byte Technology Co., Ltd. and subsidiaries (the "Group") as at December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other independent accountants, as described in the *Other matters* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's consolidated financial statements of the current period are as follows:

Revenue from significant new counterparties

Description

Please refer to Note 4(30) for the accounting policies on revenue recognition. For the year ended December 31, 2017, the consolidated operating revenue amounted to NT$59,884,781 thousand.

Giga-Byte Technology Group has various customers across the world and there was no revenue from a single customer that exceeds 10% of consolidated operating revenue. Given that verifying the existence of the transaction counterparty is critical to the revenue recognition, the occurrence of revenue from significant new counterparties was identified as a key audit matter.

How our audit addressed the matter

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

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

Assessment of allowance for valuation of inventory loss

Description

Please refer to Note 4(13) 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, 2017, the inventories and allowance for valuation loss amounted to NT$9,022,874 thousand and NT$355,866 thousand, respectively.

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

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

How our audit addressed the matter

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

1. Interviewed with management and obtained an understanding of the policy and process on evaluation of the allowance for valuation loss, and the consistency of the policy and process application during the financial reporting periods.
2. Obtained an understanding of the warehouse management procedures, reviewed annual physical inventory count plan and participated in the annual inventory count. Evaluated the effectiveness of management controls on identifying and managing obsolete inventories.
3. Tested the appropriateness of system logic in inventory aging report which management adopts for inventories valuation purpose, and verified that obsolete inventories which exceeds certain aging periods 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 result obtained from observation of physical inventory count.
5. For inventories which exceed certain aging period of aging and individually identified as obsolete and damaged, discussed with management and obtained supporting documentation of the evaluation on net realisable value, and performed recalculation.

Other matter – Report of the other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method. Those financial statements were audited by the other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts included in the financial statements was based solely on the reports of the other independent accountants. The aforementioned equity investments were $76,901 thousand and $78,782 thousand, representing 0.20% and 0.22% of total consolidated assets as of December 31, 2017 and 2016, respectively, and total net comprehensive loss were $14,189 thousand and $36,783 thousand, representing (0.51%) and (2.00%) of total consolidated comprehensive loss for the years then ended, respectively.

Other matter – Parent company only financial statements

We have audited and expressed an unmodified opinion on the parent company only financial statements of Giga-Byte Technology Co., Ltd. as at and for the years ended December 31, 2017 and 2016.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

Chun-Yuan Hsiao Fang-Yu Wang
For and on behalf of PricewaterhouseCoopers, Taiwan
March 15, 2018

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

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 15,451,598	40	$ 12,924,700	35
1110	Financial assets at fair value through profit or loss - current	6(2)	1,235,415	3	988,469	3
1125	Available-for-sale financial assets-current	6(3)	323,893	1	278,195	1
1150	Notes receivable - net		4,157	-	10,230	-
1170	Accounts receivable - net	6(4)	6,685,770	17	5,396,357	15
1200	Other receivables		613,494	2	610,629	2
130X	Inventories - net	6(5)	8,667,008	22	9,551,259	26
1470	Other current assets	6(6) and 8	641,949	2	1,195,878	3
11XX	**Total current assets**		33,623,284	87	30,955,717	85
	Non-current assets					
1523	Available-for-sale financial asset-non-current	6(3)	352,667	1	266,309	1
1550	Investments accounted for under equity method	6(7)	76,901	-	79,106	-
1600	Property, plant and equipment - net	6(8)	3,876,017	10	3,905,043	11
1760	Investment property - net	6(9)	182,992	-	270,107	1
1780	Intangible assets		33,056	-	54,230	-
1840	Deferred income tax assets	6(25)	325,459	1	346,204	1
1900	Other non-current assets	6(10) and8	327,296	1	347,334	1
15XX	**Total non-current assets**		5,174,388	13	5,268,333	15
1XXX	**Total assets**		$ 38,797,672	100	$ 36,224,050	100

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 329,689	1	$ 141,120	-
2150	Notes payable		22,781	-	34,358	-
2170	Accounts payable		8,583,399	22	7,884,351	22
2200	Other payables	6(12)	3,712,477	10	2,975,505	8
2230	Current income tax liabilities		189,769	-	390,557	1
2250	Provisions for liabilities - current	6(13)	551,921	1	561,233	2
2300	Other current liabilities	6(14)(15)	593,102	2	663,900	2
21XX	**Total current liabilities**		13,983,138	36	12,651,024	35
	Non-current liabilities					
2540	Long-term borrowings	6(15)	3,834	-	5,667	-
2570	Deferred income tax liabilities	6(25)	7,646	-	10,484	-
2600	Other non-current liabilities	6(16)	570,730	2	587,932	2
25XX	**Total non-current liabilities**		582,210	2	604,083	2
2XXX	**Total liabilities**		14,565,348	38	13,255,107	37
	Equity					
	Equity attributable to owners of the parent					
	Capital stock	6(18)				
3110	Common stock		6,356,889	16	6,291,179	17
	Capital surplus	6(19)				
3200	Capital surplus		3,962,314	10	4,602,046	13
	Retained earnings	6(20)				
3310	Legal reserve		3,846,604	10	3,617,317	10
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings	6(25)	9,567,977	25	8,048,962	22
	Other equity					
3400	Other equity		(70,237)	-	(175,353	-
31XX	**Total equity attributable to owners of the parent**		24,089,901	62	22,810,505	63
36XX	**Non-controlling interest**		142,423	-	158,438	-
3XXX	**Total equity**		24,232,324	62	22,968,943	63
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 38,797,672	100	$ 36,224,050	100

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			2017		2016	
	Items	Notes	Amount	%	Amount	%
4000	**Operating revenue**	14(5)	$ 59,884,781	100	$ 52,347,389	100
5000	**Operating costs**	6(5)(23)(24)	(49,685,924)	(83)	(43,277,692)	(83)
5900	**Gross profit**		10,198,857	17	9,069,697	17
	Operating expenses	6(23)(24)				
6100	Selling expenses		(4,535,079)	(8)	(4,095,557)	(8)
6200	General and administrative expenses		(1,493,427)	(2)	(1,561,928)	(3)
6300	Research and development expenses		(1,944,001)	(3)	(1,723,214)	(3)
6000	**Total operating expenses**		(7,972,507)	(13)	(7,380,699)	(14)
6900	**Operating profit**		2,226,350	4	1,688,998	3
	Non-operating revenue and expenses					
7010	Other income	6(9)(21)	584,476	1	1,449,989	3
7020	Other gains and losses	6(22)	390,413	1	8,753	-
7050	Finance costs		(3,905)	-	(98,445)	-
7060	Share of loss of associates and joint ventures accounted for under the equity method	6(7)	(21,707)	-	(86,974)	-
7000	**Total non-operating revenue and expenses**		949,277	2	1,273,323	3
7900	**Profit before income tax**		3,175,627	6	2,962,321	6
7950	Income tax expense	6(25)	(462,121)	(1)	(677,971)	(1)
8200	**Profit for the year**		$ 2,713,506	5	$ 2,284,350	5

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			2017		2016	
	Items	Notes	Amount	%	Amount	%
	Other comprehensive income-net					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(16)	($ 36,990)	-	($ 32,747)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	6,288	-	5,567	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(30,702)	-	(27,180)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences arising from translation of foreign operations		(54,830)	-	(464,646)	(1)
8362	Unrealised loss on valuation of available-for-sale financial assets	6(3)	159,941	-	42,141	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		105,111	-	(422,505)	(1)
8300	**Other comprehensive income (loss), net**		$ 74,409	-	($ 449,685)	(1)
8500	**Total comprehensive income for the year**		$ 2,787,915	5	$ 1,834,665	4
	Profit attributable to:					
8610	Owners of parent		$ 2,786,411	5	$ 2,292,864	5
8620	Non-controlling interest		(72,905)	-	(8,514)	-
	Total		$ 2,713,506	5	$ 2,284,350	5
	Comprehensive income attributable to:					
8710	Owners of parent		$ 2,860,825	5	$ 1,843,179	4
8720	Non-controlling interest		(72,910)	-	(8,514)	-
	Total		$ 2,787,915	5	$ 1,834,665	4
9750	**Basic earnings per share**	6(26)	$	4.41	$	3.64
9850	**Diluted earnings per share**		$	4.30	$	3.56

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to equity holders of the company									
				Retained earnings			Other equity interest				
	Notes	Capital stock-Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from translation of foreign operations	Unrealised gain (loss) on valuation of available-for-sale financial assets	Total	Non-controlling interest	Total equity
Year 2016											
Balance at January 1, 2016		$ 6,290,629	$ 4,601,581	$ 3,425,311	$ 426,354	$ 7,547,941	$ 252,106	($ 4,954)	$ 22,538,968	$ 14,451	$ 22,553,419
Appropriations of 2015 earnings:	6(20)										
Legal reserve		-	-	192,006	-	(192,006)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,572,657)	-	-	(1,572,657)	(961)	(1,573,618)
Share-based payment	6(17)	550	11	-	-	-	-	-	561	-	561
Changes in equity of associates accounted for using equity method		-	454	-	-	-	-	-	454	-	454
Changes in non-controlling interest		-	-	-	-	-	-	-	-	153,462	153,462
Profit (loss) for the year		-	-	-	-	2,292,864	-	-	2,292,864	(8,514)	2,284,350
Other comprehensive loss for the year		-	-	-	-	(27,180)	(464,646)	42,141	(449,685)	-	(449,685)
Balance at December 31, 2016		$ 6,291,179	$ 4,602,046	$ 3,617,317	$ 426,354	$ 8,048,962	($ 212,540)	$ 37,187	$ 22,810,505	$ 158,438	$ 22,968,943
Year 2017											
Balance at January 1, 2017		$ 6,291,179	$ 4,602,046	$ 3,617,317	$ 426,354	$ 8,048,962	($ 212,540)	$ 37,187	$ 22,810,505	$ 158,438	$ 22,968,943
Appropriations of 2016 earnings:	6(20)										
Legal reserve		-	-	229,287	-	(229,287)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,007,407)	-	-	(1,007,407)	(3,161)	(1,010,568)
Cash dividends from capital surplus	6(19)	-	(629,630)	-	-	-	-	-	(629,630)	-	(629,630)
Share-based payment	6(17)	65,710	(2,566)	-	-	-	-	-	63,144	-	63,144
Effects on reorganisation		-	1,852	-	-	-	-	-	1,852	-	1,852
Changes in equity of associates and subsidiaries accounted for using equity method		-	(1,966)	-	-	-	-	-	(1,966)	-	(1,966)
Disposal of investments accounted for using equity method		-	(7,422)	-	-	-	-	-	(7,422)	-	(7,422)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	60,056	60,056
Profit (loss) for the year		-	-	-	-	2,786,411	-	-	2,786,411	(72,905)	2,713,506
Other comprehensive income (loss) for the year		-	-	-	-	(30,702)	(54,825)	159,941	74,414	(5)	74,409
Balance at December 31, 2017		$ 6,356,889	$ 3,962,314	$ 3,846,604	$ 426,354	$ 9,567,977	($ 267,365)	$ 197,128	$ 24,089,901	$ 142,423	$ 24,232,324

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
Cash flows from operating activities:			
Profit before income tax		$ 3,175,627	$ 2,962,321
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(8)(23)	399,685	357,319
Depreciation charge on investment property	6(9)	5,058	4,678
Amortisation	6(23)	180,847	181,552
Provision for doubtful accounts	6(4)(23)	22,014	14,246
Net gain on financial assets at fair value through profit or loss	6(2)(22)	(442,444)	(87,596)
Interest expense		3,905	98,445
Interest income	6(21)	(104,238)	(103,047)
Dividends income	6(21)	(36,709)	(28,014)
Share of loss of associates and joint ventures accounted for using equity method	6(7)	21,707	86,974
Loss on disposal of property, plant and equipment	6(22)	23,372	36,239
Gain on disposal of available-for-sale financial assets	6(3)(22)	(37,477)	(46,481)
Loss (gain) on disposal of investments accounted for using equity method	6(7)(22)	5,684	(25,120)
Impairment loss on financial assets	6(22)	741	-
Impairment loss on non-financial assets	6(22)	-	56,130
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		195,498	286,722
Notes receivable		6,073	(3,343)
Accounts receivable		(1,310,795)	(98,130)
Other receivables		(3,326)	(97,250)
Inventories		882,870	(1,026,547)
Other current assets		112,282	(35,042)
Net changes in liabilities relating to operating activities			
Notes payable		(11,577)	(16,184)
Accounts payable		699,048	2,899,664
Other payables		736,972	(268,081)
Provisions for liabilities		(9,312)	(9,226)
Other current liabilities		(70,798)	(133,316)
Other non-current liabilities		(39,884)	8,612
Cash generated from operations		4,404,823	5,015,525
Dividend received		36,709	28,014
Interest received		104,698	103,122
Interest paid		(3,905)	(98,445)
Income tax paid		(638,714)	(845,354)
Net cash provided by operating activities		3,903,611	4,202,862

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
Cash flows from investing activities:			
Acquisition of available-for-sale financial assets		($ 307,310)	($ 323,724)
Proceeds from disposal of available-for-sale financial assets		373,207	242,630
Capital reduction by returning cash for available-for-sale financial assets		-	8,400
Acquisition of investments accounted for using equity method		(45,225)	(99,257)
Proceeds from disposal of investments accounted for using equity method		11,608	18,544
Proceeds from capital reduction of investments accounted for using equity method		-	44,550
Acquisition of property, plant and equipment	6(8)	(349,353)	(284,741)
Proceeds from disposal of property, plant and equipment		13,855	16,165
Acquisition of intangible assets		(45,843)	(156,597)
Decrease in other financial assets		441,647	444,026
Decrease (increase) in refundable deposits		33,608	(28,159)
Proceeds from disposal of held-to-maturity financial assets		-	150,990
Increase in other non-current assets		(127,400)	(19,911)
Net cash flow from acquisition of subsidiaries		-	32,759
Net cash (used in) provided by investing activities		(1,206)	45,675
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		188,569	(123,027)
Repayments of long-term debt		(1,833)	(27,025)
(Decrease) increase in deposits received		(14,308)	9,849
Cash distribution from capital surplus	6(19)	(629,630)	-
Cash dividends	6(20)	(1,007,407)	(1,572,657)
Employee stock options exercised	6(17)	63,144	561
Cash dividends paid to non-controlling interest		(3,161)	(961)
Changes in non-controlling interest		60,056	3,847
Net cash used in financing activities		(1,344,570)	(1,709,413)
Effect of exchange rate changes on cash and cash equivalents		(30,937)	(338,035)
Increase in cash and cash equivalents		2,526,898	2,201,089
Cash and cash equivalents at beginning of year		12,924,700	10,723,611
Cash and cash equivalents at end of year		$ 15,451,598	$ 12,924,700

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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

1. HISTORY AND ORGANISATION

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

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 15, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment entities: applying the consolidation exception'	January 1, 2016
Amendments to IFRS 11, 'Accounting for acquisition of interests in joint operations'	January 1, 2016
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Amendments to IAS 1, 'Disclosure initiative'	January 1, 2016
Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation'	January 1, 2016
Amendments to IAS 16 and IAS 41, 'Agriculture: bearer plants'	January 1, 2016
Amendments to IAS 19, 'Defined benefit plans: employee contributions'	July 1, 2014
Amendments to IAS 27, 'Equity method in separate financial statements'	January 1, 2016
Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'	January 1, 2014
Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting'	January 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRIC 21, 'Levies'	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

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

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

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

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

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

Step 1: Identify contracts with customer.

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

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

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

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

C. Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

When adopting the new standards endorsed by the FSC effective from 2018, the Group will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. Further, the Group has elected to adopt IFRS 15 using the modified retrospective approach. The significant effects of applying the new standards as of January 1, 2018 are summarized below:

A. In accordance with IFRS 9, the Group expects to reclassify financial assets at fair value through profit or loss and available-for-sale financial assets in the amounts of $701,199 and $295,509, respectively, and make an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose, by increasing financial assets at fair value through other comprehensive income, decreasing retained earnings and increasing other equity interest in the amounts of $996,708, $458,958 and $458,958, respectively.

B. In accordance with IFRS 9, the Group expects to reclassify available-for-sale financial assets in the amounts of $381,051, by increasing financial assets at fair value through profit or loss and increasing retained earnings and decreasing other equity interest in the amounts of $381,051, $726 and $726, respectively.

C. In line with the regulations of IFRS 9 on provision for impairment, accounts receivable will have to be increased by $12,722 and retained earnings increased by $8,503.

D. Recognition of deferred tax

When initially adopting IFRS 9, the Group will have to recognise adjustments in the balance sheet which would result to temporary differences. Accordingly, as of January 1, 2018, deferred tax assets will have to be decreased by $4,219.

E. Presentation of contract assets and contract liabilities

In line with IFRS 15 requirements, the Group expects to change the presentation of certain accounts in the balance sheet as follows:

Under IFRS 15, liabilities in relation to commodity contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance would amount to $403,718.

(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 9, 'Prepayment features with negative compensation'	January 1, 2019
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 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1)Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2)Basis of preparation

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

(a)Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b)Available-for-sale financial assets measured at fair value.

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

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a)All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b)Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c)Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d)Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e)When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
			December 31,		
Investor	Subsidiary	Main activities	2017	2016	Description
The Company	Freedom International Group Ltd.	Holding company	100.00	100.00	
〃	G.B.T., Inc.	Sales of computer information products	48.63	48.63	
〃	G.B.T. Technology Trading GmbH	Promotion of computer information products	100.00	100.00	
〃	Nippon Giga-Byte Corp.	Promotion of computer information products	100.00	100.00	
〃	GBT Tech. Co., Ltd.	Promotion of computer information products	100.00	100.00	
〃	Giga-Byte Technology B.V.	Sales of computer information products	100.00	100.00	
〃	Gigabyte Technology Pty. Ltd.	Promotion of computer information products	100.00	100.00	
〃	Chi-Ga Investment Corp.	Holding company	100.00	100.00	
〃	Gigabyte Technology (India) Private Limited	Promotion and repairing of computer information products	100.00	100.00	
〃	G-Style Co., Ltd.	Selling of notebooks	100.00	100.00	
〃	Giga-Zone International Co., Ltd.	Selling of PC peripherals	100.00	100.00	
〃	Giga-Byte Communications Inc.	Selling of communications	99.86	99.12	
〃	Gigabyte Technology ESPANA S.L.U.	Promotion of computer information products	100.00	100.00	
〃	Gigabyte Global Business Corporation	Selling of ODM products	100.00	100.00	
〃	Gigabyte Information Technology Commerce Limited Company	Promotion of computer information products	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership(%) December 31, 2017	Ownership(%) December 31, 2016	Description
The Company	Gigabyte Technology LLC	Promotion of computer information products	100.00	100.00	
Freedom International Group Ltd.	Charleston Investments Limited	Holding company	100.00	100.00	
〃	Giga Future Limited	Holding company	100.00	100.00	
〃	G.B.T. LBN Inc.	Sales of computer information products	100.00	100.00	
〃	G.B.T. Inc.	Sales of computer information products	51.37	51.37	
〃	Gigabyte Trading Inc.	Selling of ODM products	100.00	100.00	
〃	Giga Advance (Labuan) Limited	Sales of computer information products	100.00	100.00	
Giga-Byte Technology B.V.	Gigabyte Technology France	Promotion of computer information products	100.00	100.00	
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Promotion and repairing of computer information products	100.00	100.00	
Charleston Investments Limited	Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	100.00	100.00	
〃	Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	100.00	100.00	
〃	Ningbo Best Yield Technology Services Co., Ltd.	Repairing of computer information products	100.00	100.00	
Giga Future Limited	Ningbo Giga-Byte Technology Co., Ltd.	Manufacturing of computer information products	100.00	100.00	
Ningbo Giga-Byte International Trade Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	100.00	100.00	
Chi-Ga Investment Corp.	Gigatrend Technology Co., Ltd.	Manufacturing and selling electronic components and parts	100.00	100.00	Note 1
〃	Gigatrend International Investment Group Ltd.	Holding company	100.00	100.00	
〃	Giga-Trend International Management Group Ltd.	Venture capital management and consulting business	60.00	60.00	
〃	Gigazone Holdings Limited	Holding company	100.00	100.00	
〃	Selita Precision Co., Ltd.	Manufacturing of bicycle and parts	100.00	100.00	Note 2,3
〃	Green Share Co., Ltd.	Wholesale of information system	51.00	51.00	Note 4
Chi-Ga Investment Corp.	Senyun Precise Optical Co., Ltd	Manufacturing and selling of mold and industrial plastic products	68.53	68.53	Note 5

Investor	Subsidiary	Main activities	Ownership(%) December 31, 2017	Ownership(%) December 31, 2016	Description
Chi-Ga Investment Corp.	GIGAIPC CO., LTD.	Selling of computer information products	100.00	-	Note 6
Gigazone Holdings Limited	Gigazone International (Shenzhen)	Selling of PC peripherals	52.27	52.27	
Cloud Ride Ltd.	OGS Europe B.V.	Selling of communication products	-	100.00	Note 7
Ningbo Zhongjia Technology Co., Ltd.	Gigazone International (Shenzhen)	Selling of PC peripherals	47.73	47.73	
Ningbo BestYield Tech. Services Co., Ltd.	Cloud Ride Limited	Selling of communication products	100.00	100.00	
〃	Shenzhen BestYield Tech. Services Co., Ltd.	Repairing of computer information products	100.00	100.00	
〃	OGS Europe B.V.	Selling of communication products	100.00	-	Note 7
G-Style Co., Ltd.	Aorus Pte. Ltd.	Promotion of computer information products	100.00	100.00	
Senyun Precise Optical Co., Ltd	Dongguan Senyun Precise Optical Co., Ltd	Selling of mold and industrial plastic products	100.00	100.00	Note 2

Note 1: This company has completed the liquidation process on February 14, 2018.

Note 2: The establishment of new investment in 2016.

Note 3: Selita Precision Co., Ltd. has legally changed its Chinese name on July 15, 2016.

Note 4: Chi-Ga Investments Corp. acquired 51% equity interest in Green Share Co., Ltd. from Gigatrend Technology Co., Ltd. for a cash consideration of NT$9,395 in August 19, 2016.

Note 5: Chi-Ga Investments Corp. participated in the cash capital increase of Senyun Precise Optical Co., Ltd. on November 18, 2016 amounting to $233,323 and the share of ownership increased to 68.53%.

Note 6: The establishment of new investment in 2017.

Note 7: On March 31, 2017, the Board of Directors of Ningbo BestYield Tech. Services Co., Ltd. at their meeting resolved to acquire a 100% equity interest of OGS Europe B.V. from Cloud Ride Ltd. in the amount of USD 497 thousand in the form of cash. The transfer of the equity interest was completed on November 1, 2017.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4)Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

(b) When the foreign operation partially disposed of or sold is a joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign joint arrangements after losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

(5) Classification of current and non-current items

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

(a)Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realised within twelve months from the balance sheet date;

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

(a)Liabilities that are expected to be settled within the normal operating cycle;

(b)Liabilities arising mainly from trading activities;

(c)Liabilities that are to be settled within twelve months from the balance sheet date;

(d)Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6)Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

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

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8)Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

B. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(9) Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(10) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(g) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Lease receivables/ operating leases (lessor)

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

(13) Inventories

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

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Investment accounted for using equity method – joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(16) Property, plant and equipment

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

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

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

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

Buildings and structures	3～55 years
Machinery and equipment	3～10 years
Research and development equipment	3～ 6 years
Office equipment	3～ 7 years
Other tangible operating assets	2～10 years

(17) Operating leases (lessee)

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

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 to 50 years.

(19) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(20) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill and intangible assets with an indefinite useful life are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(23) Derecognition of financial liabilities

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

(24) Provisions

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

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Termination benefits

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

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

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

(26) Employee share-based payment

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

(27) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

(28) Share capital

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

(29) 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.

(30) Revenue recognition

A. The Group manufactures and sells computer peripheral and component parts products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The Group offers customers volume discounts. The Group estimates such discounts and returns based on historical experience. Allowance accounts for such liabilities are recorded when the sales are recognised.

(31) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash on hand and petty cash	$ 3,956	$ 5,823
Checking accounts and demand deposits	7,215,274	6,720,524
Time deposits	8,232,368	6,198,344
	$ 15,451,598	$ 12,924,700

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

B. The Group has no cash and cash equivalent pledged to others.

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

	December 31, 2017	December 31, 2016
Financial assets held for trading		
Open-end funds-Domestic	$ 181,000	$ 334,301
Open-end funds-Overseas	136,320	48,480
Listed (OTC) stocks	171,527	175,954
Corporate bonds	103,217	189,988
Government bonds	124,271	168,729
	716,335	917,452
Valuation adjustment	519,080	71,017
	$ 1,235,415	$ 988,469

A. The Group recognised net gain of $442,444 and $87,596 on financial assets held for trading for the years ended December 31, 2017 and 2016, respectively.

B. The counterparties of the Group's debt instrument investments have credit quality ratings above "investment grade".

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

(3) Available-for-sale financial assets

	December 31, 2017	December 31, 2016
Current items		
Listed stocks	$ 218,293	$ 281,425
Valuation adjustment	163,227	54,397
Accumulated impairment	(57,627)	(57,627)
	$ 323,893	$ 278,195
Non-current items		
Emerging and unlisted stocks	$ 340,317	$ 306,292
Valuation adjustment	33,782	(17,329)
Accumulated impairment	(21,432)	(22,654)
	$ 352,667	$ 266,309

A. The Group recognised $197,418 and $88,622 in other comprehensive income for fair value change and reclassified $37,477 and $46,481 from equity to profit or loss for the years ended December 31, 2017 and 2016, respectively.

B. The Group has no available-for-sale financial assets pledged to others.

(4) Accounts receivable - net

	December 31, 2017	December 31, 2016
Accounts receivable- third parties	$ 6,854,633	$ 5,565,577
Less: Allowance for doubtful accounts	(168,863)	(169,220)
Accounts receivable- net	$ 6,685,770	$ 5,396,357

A. The Group's credit quality for accounts receivable is assessed in accordance with the customer's credit rating and the collection period for the calculation basis of impairment loss. The Group has an internal credit valuation policy for its customers and the Group's finance department routinely or randomly revaluates whether the credit ratings are still appropriate and makes adjustments when necessary in order to ascertain the latest condition of the customers. The credit rating for customers is based on the scale of the industry operations, profit-generating conditions, and the credit rating given by financial institutions as references for assessment.

B. The ageing analysis was based on past due date. The Group did not hold any financial assets that were past due but not impaired for the year ended December 31, 2017.

C. Movement analysis of the allowance for bad debts of financial assets that were impaired is as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 169,220	$ 169,220
Provision for impairment	-	22,014	22,014
Write-offs during the period	-	(21,739)	(21,739)
Effects of foreign exchange	-	(2,739)	(2,779)
Reversal of written-off	-	2,147	2,147
At December 31	$ -	$ 168,863	$ 168,863

	2016		
	Individual provision	Group provision	Total
At January 1	$ -	$ 117,002	$ 117,002
Acquired from business combinations	-	45,255	45,255
Provision for impairment	-	14,246	14,246
Write-offs during the period	-	(5,450)	(5,450)
Effects of foreign exchange	-	(1,833)	(1,833)
At December 31	$ -	$ 169,220	$ 169,220

D. The Group does not hold any collateral as security.

(5) Inventories

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 3,205,035	($ 92,208)	$ 3,112,827
Work in progress	1,060,807	(57,125)	1,003,682
Finished goods and merchandise inventories	4,757,032	(206,533)	4,550,499
	$ 9,022,874	($ 355,866)	$ 8,667,008

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 2,949,470	($ 88,590)	$ 2,860,880
Work in progress	1,026,514	(18,155)	1,008,359
Finished goods and merchandise inventories	5,929,140	(247,120)	5,682,020
	$ 9,905,124	($ 353,865)	$ 9,551,259

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2017	2016
Cost of inventories sold	$ 49,233,951	$ 42,691,884
Cost of warranty	451,257	499,073
Loss on market decline of inventory	620	86,721
Others	96	14
	$ 49,685,924	$ 43,277,692

(6) Other current assets

	December 31, 2017	December 31, 2016
Other financial assets - time deposits	$ 506,422	$ 948,069
Pledged assets	4,748	6,764
Others	130,779	241,045
	$ 641,949	$ 1,195,878

Information on restricted assets pledged as collateral to others is provided in Note 8.

(7) Investments accounted for using equity method

	December 31, 2017	December 31, 2016
Associates		
Qsan Technology Inc.	$ -	$ 34,440
Joint ventures		
LCKT Yuan Cheng Techno CO., LTD.	$ -	$ 324
LCKT Yuan Chang Technology Co., Ltd. (Cayman)	76,901	44,342
	$ 76,901	$ 44,666

A. Abovementioned investments accounted for using equity method are based on investee companies' financial statements audited by other independent accountants.

B. The Group has no material associate or joint venture investment. The Group's share of the operating results of the aforementioned investments are summarized below:

(a) The Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	Years ended December 31,	
	2017	2016
Comprehensive loss	($ 7,518)	($ 86,848)

(b) The Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarized below:

	Years ended December 31,	
	2017	2016
Comprehensive loss	($ 14,189)	($ 126)

C. Chi-Ga Investments Corp. participated in the cash capital increase of Senyun Precise Optical Co., Ltd. on November 18, 2016 amounting to $233,323. As a result, Chi-Ga obtained control over the company and the share of ownership increased to 68.53% (recognised in investments accounted for using equity method before capital increase). For details, please refer to Note 6(27).

D. On May 9, 2017, the Group sold 3.54% equity shares of Qsan Technology, Inc. (formerly held 19.79% equity shares) in the amount of $11,284 where the Group lost its significant influence over Qsan Technology, Inc.. Under this transaction, the Group recognised loss amounting to $5,684 (shown as 'loss on disposal of investment'), and held remaining 16.25% equity shares of Qsan Technology, Inc..

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Others	Total
At January 1, 2017					
Cost	$ 953,930	$ 3,083,983	$ 3,025,651	$ 1,300,235	$ 8,363,799
Accumulated depreciation	-	(1,402,943)	(2,058,266)	(997,547)	(4,458,756)
	$ 953,930	$ 1,681,040	$ 967,385	$ 302,688	$ 3,905,043
2017					
Opening net book amount	$ 953,930	$ 1,681,040	$ 967,385	$ 302,688	$ 3,905,043
Additions	-	52,884	67,803	228,666	349,353
Disposals	-	(13,256)	(13,288)	(10,683)	(37,227)
Reclassifications	55,533	26,288	141,197	(141,588)	81,430
Depreciation charge	-	(99,265)	(192,329)	(108,091)	(399,685)
Net exchange differences	(4,272)	(10,793)	(4,980)	(2,852)	(22,897)
Closing net book amount	$ 1,005,191	$ 1,636,898	$ 965,788	$ 268,140	$ 3,876,017
At December 31, 2017					
Cost	$ 1,005,191	$ 3,122,477	$ 3,076,783	$ 1,250,780	$ 8,455,231
Accumulated depreciation	-	(1,485,579)	(2,110,995)	(982,640)	(4,579,214)
	$ 1,005,191	$ 1,636,898	$ 965,788	$ 268,140	$ 3,876,017

	Land	Buildings and structures	Machinery	Others	Total
At January 1, 2016					
Cost	$ 1,012,103	$ 3,321,268	$ 3,143,923	$ 1,275,121	$ 8,752,415
Accumulated depreciation	-	(1,418,437)	(2,292,420)	(1,018,792)	(4,729,649)
	$ 1,012,103	$ 1,902,831	$ 851,503	$ 256,329	$ 4,022,766
2016					
Opening net book amount	$ 1,012,103	$ 1,902,831	$ 851,503	$ 256,329	$ 4,022,766
Additions	-	8,709	146,241	129,791	284,741
Disposals	-	(2,102)	(36,150)	(14,152)	(52,404)
Reclassifications	(56,789)	(59,720)	12,607	(14,014)	(117,916)
Depreciation charge	-	(105,251)	(154,119)	(97,949)	(357,319)
Acquired from business combinations	-	-	198,651	52,430	251,081
Net exchange differences	(1,384)	(63,427)	(51,348)	(9,747)	(125,906)
Closing net book amount	$ 953,930	$ 1,681,040	$ 967,385	$ 302,688	$ 3,905,043
At December 31, 2016					
Cost	$ 953,930	$ 3,083,983	$ 3,025,651	$ 1,300,235	$ 8,363,799
Accumulated depreciation	-	(1,402,943)	(2,058,266)	(997,547)	(4,458,756)
	$ 953,930	$ 1,681,040	$ 967,385	$ 302,688	$ 3,905,043

A. The significant components of buildings include main plants and renovation projects, which are depreciated over 50 and 10 years, respectively.

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

(9) Investment property

	Land		Buildings		Total
At January 1, 2017					
Cost	$	137,808	$	186,577	$ 324,385
Accumulated depreciation		-	(	54,278)(	54,278)
	$	137,808	$	132,299	$ 270,107
2017					
Opening net book amount	$	137,808	$	132,299	$ 270,107
Reclassifications	(	55,533)	(	25,897) (	81,430)
Depreciation charge		-	(	5,058) (	5,058)
Net exchange differences		-	(	627) (	627)
Closing net book amount	$	82,275	$	100,717	$ 182,992
At December 31, 2017					
Cost	$	82,275	$	150,144	$ 232,419
Accumulated depreciation		-	(	49,427)(	49,427)
	$	82,275	$	100,717	$ 182,992

	Land		Buildings		Total
At January 1, 2016					
Cost	$	81,019	$	101,591	$ 182,610
Accumulated depreciation		-	(	22,851)(	22,851)
	$	81,019	$	78,740	$ 159,759
2016					
Opening net book amount	$	81,019	$	78,740	$ 159,759
Reclassifications		56,789		61,127	117,916
Depreciation charge		-	(	4,678) (	4,678)
Net exchange differences		-	(	2,890) (	2,890)
Closing net book amount	$	137,808	$	132,299	$ 270,107
At December 31, 2016					
Cost	$	137,808	$	186,577	$ 324,385
Accumulated depreciation		-	(	54,278)(	54,278)
	$	137,808	$	132,299	$ 270,107

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

	Years ended December 31,	
	2017	2016
Rental income from the lease of the investment property	$ 12,545	$ 17,907
Direct operating expenses arising from the investment property that generated rental income in the year	$ 5,058	$ 4,678

B. The fair value of the investment property held by the Group as at December 31, 2017 and 2016 was $230,826 and $347,886, respectively, which was valuated with reference to the future rental income and the related discounted cash flows of the investment property, which was categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2017	December 31, 2016
Discount rate	1.845%~3.820%	1.845%~2.700%

(10) Other non-current assets

	December 31, 2017	December 31, 2016
Guarantee deposits paid	$ 62,638	$ 96,246
Pledged assets	44,755	41,657
Land-use right	44,215	46,176
Other	175,688	163,255
	$ 327,296	$ 347,334

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

(11) Short-term borrowings

	December 31, 2017	Interest rate range	Collateral
Unsecured borrowings	$ 305,000	1.55%~2.00%	None
Loan for purchase of raw material	24,689	1.37%~1.59%	None
	$ 329,689		

	December 31, 2016	Interest rate range	Collateral
Unsecured borrowings	$ 140,000	1.20%~2.00%	None
Loan for purchase of raw material	1,120	2.05%	None
	$ 141,120		

(12) Other payables

	December 31, 2017	December 31, 2016
Salary and bonus payable	$ 2,556,584	$ 2,156,207
Employees' compensation and directors' and supervisors' remuneration payable	391,477	368,622
Royalties payable	64,992	142,136
Shipping and freight-in payable	128,687	116,264
Marketing fee payable	182,703	155,411
Others	388,034	36,865
	$ 3,712,477	$ 2,975,505

(13) Provisions

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

	2017	2016
At January 1	$ 561,233	$ 570,459
Additional provisions	451,257	499,073
Used during the period	(460,569)	(508,299)
At December 31	$ 551,921	$ 561,233

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

(14) Other current liabilities

	December 31, 2017	December 31, 2016
Advance sales receipts	$ 326,954	$ 349,027
Long-term borrowings, current portion	2,000	2,000
Other	264,148	312,873
	$ 593,102	$ 663,900

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2017
Unsecured borrowings	Borrowing period is from October 30, 2015 to October 30, 2020; interest is repayable	1.92%	None	$ 5,834
Less: Current portion				(2,000)
				$ 3,834

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2016
Unsecured borrowings	Borrowing period is from October 30, 2015 to October 30, 2020; interest is repayable	1.92%	None	$ 7,667
Less: Current portion				(2,000)
				$ 5,667

The Group has undrawn borrowing facilities of $666, which was raised for supporting the Group's operation.

(16) Pensions

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

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

	December 31, 2017	December 31, 2016
Present value of defined benefit obligations	($ 776,787)	($ 738,594)
Fair value of plan assets	218,767	228,745
Net defined benefit liability	($ 558,020)	($ 509,849)

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

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	($ 715,011)	$ 242,313	($ 472,698)
Current service cost	(4,976)	-	(4,976)
Interest (expense) income	(10,683)	3,697	(6,986)
Past service cost	409	-	409
	(730,261)	246,010	(484,251)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,035)	(2,035)
Change in demographic assumptions	(21,343)	-	(21,343)
Change in financial assumptions	-	-	-
Experience adjustments	(9,369)	-	(9,369)
	(30,712)	(2,035)	(32,747)
Pension fund contribution	-	7,149	7,149
Paid pension	22,379	(22,379)	-
Balance at December 31	($ 783,594)	$ 228,745	($ 509,849)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

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

	Years ended December 31,	
	2017	2016
Discount rate	1.25%	1.50%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with 2012 Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2017				
Effect on present value of defined benefit obligation	($ 25,375)	$ 26,524	$ 25,999	($ 25,013)
December 31, 2016				
Effect on present value of defined benefit obligation	($ 25,330)	$ 26,516	$ 20,056	($ 25,029)

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

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

(e) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 amounts to $14,166.

(f) As of December 31, 2017, the weighted average duration of the retirement plan is 13 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	8,531
1-2 year(s)		13,193
2-5 years		61,915
Over 5 years		821,926
	$	905,565

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2017 and 2016 were $91,825 and $88,389, respectively.

The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2017 and 2016 was 12%~20% and 12%~20%, respectively. Other than the monthly contributions, the Group has no further obligations. For the years ended December 31, 2017 and 2016, the Company's mainland China subsidiaries have recognised pension cost of $87,183 and $94,680, respectively.

(17) Share-based payment

A. For the years ended December 31, 2017 and 2016, the Group's share-based payment arrangements were as follows:

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

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

	2017		2016	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	9,984	$ 10.20	10,039	$ 10.90
Options exercised	(6,571)	9.61	(55)	10.20
Options forfeited	(100)	9.55	-	-
Options expired	(3,313)	9.55	-	-
Options outstanding at December 31	-	-	9,984	10.20
Options exercisable at December 31	-		9,984	

C. The weighted-average stock price of stock options at exercise date of 2017 and 2016 was $38.95~$51.05 and $33.53~$43.43 (in dollars), respectively.

D. As of December 31, 2016, the range of exercise price of stock options outstanding was $10.20, and the weighted-average remaining vesting period was 0.97 years.

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

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

(18) Share capital

A. As of December 31, 2017, the Company's authorized capital was $9,500,000, consisting of 950,000 thousand shares of ordinary shares (including 250,000 thousand shares reserved for employee stock options and for convertible bonds issued by the Company), and the paid-in capital was $6,356,889 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected:

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

	2017	2016
At January 1	629,117,886	629,062,886
Employee stock options exercised	6,571,000	55,000
At December 31,	635,688,886	629,117,886

B. The number of shares of common stock issued for the years ended December 31, 2017 and 2016 due to the exercise of employee stock options are 6,571,000 shares and 55,000 shares, respectively.

(19) Capital surplus

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

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

(20) Retained earnings

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

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

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

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

D. The appropriation of 2016 earnings had been proposed by the Board of Directors on June 14, 2017 and the appropriation of 2015 earnings had been resolved at the stockholders' meeting on June 15, 2016. Details are summarized below:

	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 229,287		$ 192,006	
Cash dividends	1,007,407	$ 1.60	1,572,657	$ 2.50

E. As of the date of the auditor's report, the appropriation of retained earnings for 2017 has not been resolved by the Board of Directors. Information on the appropriation of the Company's earnings as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(24).

(21) Other income

	Years ended December 31,	
	2017	2016
Interest income	$ 104,238	$ 103,047
Dividend income	36,709	28,014
Rental revenue	14,769	20,163
Other income	428,760	1,298,765
	$ 584,476	$ 1,449,989

(22) Other gains and losses

	Years ended December 31,	
	2017	2016
Net currency exchange losses	($ 56,409)	($ 33,309)
Gains on disposal of investments	31,793	71,601
Net gains on financial assets at fair value through profit or loss	442,444	87,596
Losses on disposal of property, plant and equipment	(23,372)	(36,239)
Impairment loss-Goodwill	-	(56,130)
Impairment loss-Financial assets	(741)	-
Others	(3,302)	(24,766)
	$ 390,413	$ 8,753

(23) Expenses by nature

	Years ended December 31,	
	2017	2016
Cost of goods sold	$ 48,947,228	$ 42,446,300
Employee benefit expense	5,705,914	5,370,082
Depreciation and amortisation	580,532	538,871
Cost of warranty	451,257	499,073
Transportation expenses	334,994	366,707
Losses on doubtful debts	22,014	14,246
Other costs and expenses	1,616,492	1,423,112
Total	$ 57,658,431	$ 50,658,391

(24) Employee benefit expense

	Years ended December 31,	
	2017	2016
Wages and salaries	$ 5,037,913	$ 4,697,157
Labor and health insurance fees	282,000	270,617
Pension costs	190,622	194,622
Other personnel expenses	195,379	207,686
	$ 5,705,914	$ 5,370,082

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

B. For the years ended December 31, 2017 and 2016, employees' compensation was accrued at $342,968 and $319,978, respectively; while directors' and supervisors' remuneration was both accrued at $46,000. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 10% and 1.34% of distributable profit of current year for the year ended December 31, 2017. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $342,968 and $46,000, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2016 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2016 financial statements.

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

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2017	2016
Current tax		
Current tax on profits for the year	$ 420,560	$ 647,584
Tax on undistributed surplus earnings	102,899	9,015
Prior year income tax (over) underestimation	(81,202)	27,126
	442,257	683,725
Deferred tax		
Origination and reversal of temporary differences	24,195	(47,372)
Effect of the exchange rate	(4,331)	41,618
	19,864	(5,754)
Income tax expense	$ 462,121	$ 677,971

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

	Years ended December 31,	
	2017	2016
Remeasurement of defined benefit obligations	($ 6,288)	($ 5,567)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2017	2016
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 539,857	$ 503,595
Expenses disallowed by tax regulation	(112,379)	49,709
Tax exempt income by tax regulation	(9,100)	(11,473)
Effect from investment tax credit	(66,027)	-
Tax on undistributed surplus earnings	102,899	9,015
Prior year income tax (over) underestimation	(81,202)	27,126
Changes in assessment of realization of deferred tax assets	661	46,495
Effect of tax from different applicable taxes within the Group	87,412	53,504
Income tax expense	$ 462,121	$ 677,971

Note: The basis for computing the applicable tax rate is the rate applicable in the parent company's country.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences,tax losses and investment tax credits are as follows:

	Year ended December 31, 2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
-Deferred tax assets				
Provision for warranty expense	$ 75,452	$ 149	$ -	$ 75,601
Loss on inventory	32,206	(6,243)	-	25,963
Amount of allowance for bad debts that exceed the limit for tax purpose	14,865	(773)	-	14,092
Pension expense	37,426	1,901	-	39,327
Unrealized profit on intercompany sales	39,449	(21,734)	-	17,715
Unrealized exchange gain	651	2,392	-	3,043
Impairment loss on non-financial assets	4,563	(4,563)	-	-
Gains on remeasurement of defined benefit obligations	14,816	-	6,288	21,104
Others	126,776	1,838	-	128,614
	346,204	(27,033)	6,288	325,459
-Deferred tax liabilities				
Unrealized exchange gain	(10,328)	10,328	-	-
Others	(156)	(7,490)	-	(7,646)
	(10,484)	2,838	-	(7,646)
	$ 335,720	($ 24,195)	$ 6,288	$ 317,813

	Year ended December 31, 2016				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	December 31
-Deferred tax assets					
Provision for warranty expense	$ 75,625	($ 173)	$ -	$ -	$ 75,452
Loss on inventory	29,349	882	-	1,975	32,206
Amount of allowance for bad debts that exceed the limit for tax purpose	2,999	4,521	-	7,345	14,865
Pension expense	36,676	750	-	-	37,426
Unrealized profit on intercompany sales	44,021	(4,572)	-	-	39,449
Unrealized exchange gain	-	651	-	-	651
Impairment loss on non-financial assets	-	2,278	-	2,285	4,563
Gains on remeasurement of defined benefit obligations	9,249	-	5,567	-	14,816
Others	80,774	35,610	-	10,392	126,776
	278,693	39,947	5,567	21,997	346,204
-Deferred tax liabilities					
Unrealized exchange gain	(17,534)	7,206	-	-	(10,328)
Others	-	219	-	(375)	(156)
	(17,534)	7,425	-	(375)	(10,484)
	$ 261,159	$ 47,372	$ 5,567	$ 21,622	$ 335,720

D. Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2017			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2008	$ 343,356	$ 343,356	$ 343,356	2018
2009	423,520	423,520	423,520	2019
2010	334,750	322,083	322,083	2020
2011	116,913	116,913	116,913	2021
2012	164,468	164,468	164,468	2022
2013	120,379	120,379	120,379	2023
2014	164,552	164,552	164,552	2024
2015	298,581	298,581	298,581	2025
2016	386,705	386,705	386,705	2026
2017 (Note)	325,830	325,830	325,830	2027
	$ 2,679,054	$ 2,666,387	$ 2,666,837	

December 31, 2016				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2007	$ 421,786	$ 421,786	$ 421,786	2017
2008	343,356	343,356	343,356	2018
2009	423,520	423,520	423,520	2019
2010	334,750	322,083	322,083	2020
2011	116,913	116,913	116,913	2021
2012	164,468	164,468	164,468	2022
2013	120,379	120,379	120,379	2023
2014	164,552	164,552	164,552	2024
2015	317,274	317,274	317,274	2025
2016 (Note)	328,536	328,536	328,536	2026
	$ 2,735,534	$ 2,722,867	$ 2,722,867	

Note: These amounts were based on estimates.

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2017 and 2016, the amounts of temporary difference unrecognised as deferred tax liabilities were $119,354 and $10,904, respectively.

F. The Company's income tax returns through 2015 have been assessed and approved by the Tax Authority.

G. With the abolishment of the imputation tax system under the amendments to the Income Tax Act promulgated by the President of the Republic of China in February, 2018, the information on unappropriated retained earnings and the balance of the imputation credit account as of December 31, 2017, as well as the estimated creditable tax rate for the year ended December 31, 2017 is no longer disclosed.

Unappropriated retained earnings on December 31, 2016:

	2016
Earnings generated in and before 1997	$ 62,797
Earnings generated in and after 1998	7,986,165
	$ 8,048,962

As of December 31, 2016, the balance of the imputation tax credit account was $1,207,828. The creditable tax rate was 17.68% for the year ended December 31, 2016.

(26) Earnings per share

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

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,292,864	629,074	$ 3.64
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
—Employees' compensation	-	7,424	
—Convertible bonds	-	7,382	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,292,864	643,880	$ 3.56

(27) Business combinations

A. On November 18, 2016, the Group acquired 18.66% (original share of ownership is 49.87%) of the share capital of Senyun Precise Optical Co., Ltd for $233,323 and obtained the control over Senyun Precise Optical Co., Ltd. The Company is engaged in the manufacturing and sale of optical precision mold and professional optical lens in Taiwan. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.

B. The following table summarises the consideration paid for Senyun Precise Optical Co.,Ltd and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	November 18, 2016
Purchase consideration- Cash paid	$ 233,323
Fair value of equity interest in Senyun Precise Optical Co.,Ltd held before the business combination	135,273
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	149,615
	518,211
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	266,082
Notes and accounts receivable	107,047
Other receivables	165
Inventories	96,782
Prepayments	16,524
Deferred income tax assets	21,998
Other current assets	2,802
Property, plant and equipment	251,081
Intangible assets	26,570
Other non-current assets	7,747
Short-term borrowings	(194,147)
Notes and accounts payable	(19,619)
Other payables	(51,458)
Other current liabilities	(21,026)
Long-term borrowings	(34,692)
Deferred tax liabilities	(375)
Total identifiable net assets	475,481
Goodwill	$ 42,730

C. The Group held 49.87% equity interest in Senyun Precise Optical Co., Ltd. before the business combination. The equity investment gain due to fair value remeasurement amounted to $22,831 and shown as 'gain on disposal of investment'.

D. The operating revenue included in the consolidated statement of comprehensive income since November 18, 2016 contributed by Senyun Precise Optical Co.,Ltd was $22,584. Senyun Precise Optical Co.,Ltd also contributed loss before income tax of $62,737 over the same period. Had Senyun Precise Optical Co.,Ltd been consolidated from January 1, 2016, the consolidated statement of comprehensive income would show operating revenue of $52,573,917 and profit before income tax of $2,864,625.

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

The related parties are included in the consolidated financial statements, and the related transactions are all eliminated.

(2) Key management compensation

	Years ended December 31,	
	2017	2016
Salaries and other short-term employee benefits	$ 383,907	$ 280,496

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2017	December 31, 2016	Purpose
Pledged asset (accounted for as "Other current assets" and "Other non-current assets") - Pledged deposits	$ 49,503	$ 48,421	Guarantee for the customs duties and deposits

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. This will increase the Company's deferred tax assets and deferred tax liabilities by $48,196 and $1,331, respectively, which will be adjusted in the first quarter of 2018.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and deposits received) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

b. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2017		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 520,005	29.848	$ 15,521,109
Non-monetary items			
USD:NTD	$ 7,957	29.848	$ 237,501
Financial liabilities			
Monetary items			
USD:NTD	$ 245,387	29.848	$ 7,324,311

	December 31, 2016		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 365,724	32.279	$ 11,805,205
Non-monetary items			
USD:NTD	15,093	32.279	$ 487,187
Financial liabilities			
Monetary items			
USD:NTD	$ 155,527	32.279	$ 5,020,256

c. The total exchange gain (loss), including realised and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2017 and 2016, amounted to loss of $56,409 and $33,309, respectively.

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

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 155,211	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 73,243	$ -

	Year ended December 31, 2016		
	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%	$ 118,052	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 50,203	$ -

Price risk

a. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

b. The Group's investments in equity securities comprise foreign and domestic listed, unlisted stocks and beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2017 and 2016 would have increased by $10,207 and $6,534, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $6,766 and $5,445, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

a. The domestic/overseas bond fund investment by the Group was held mainly for trading purposes, the effective interest rate of this fund is affected by the market interest rate.

b. The investment floating bonds of the Group were range accrual notes, the effective interest rate of these notes are affected by the market interest rate; accordingly, the Group's future cash flows would fluctuate with the market interest rate change.

c. For fixed interest rate bond investments held by the Group classified as financial assets at fair value through profit or loss, changes in market interest rates would affect their fair values. At December 31, 2017 and 2016, if market interest rates had been 1% higher/lower with all other variables held constant, other comprehensive income for the years ended December 31, 2017 and 2016 would have been $2,147 and $3,351 lower/higher, respectively.

d. At December 31, 2017 and 2016, if interest rates on borrowings had been 0.1% higher/lower with all other variables held constant, profit for the years ended December 31, 2017 and 2016 would have been $305 and $140 higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

(b) Credit risk

a. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

b. The bond fund held by the Group was issued by well-known foreign banks and securities investment trust companies owned by or affiliated with domestic financial holding companies with good credit standing. Since the Group trades with several securities investment trust companies, credit risk is low.

c. The Group has lower significant concentrations of credit risk, due to investment in corporate bonds or financial bonds. The maximum loss to the Group is the total amount of all book value.

d. The Group has lower significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. The Group had credit insurance coverage for a majority of its customers. Accordingly, credit risk is low. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

e. Loan guarantees provided by the Group are in compliance with the Group's "Procedures for Provision of Endorsements and Guarantees" and are only provided to affiliated companies of which the Group owns directly or indirectly more than 50% ownership or a company which trades with the Group. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Group is the total amount of loan guarantees as listed above.

f. The credit quality information of financial assets that are neither past due nor impaired is provided in the statement for each type of financial asset in Note 6.

g. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

(c) Liquidity risk

a. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

b. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 329,689	$ -	$ -	$ 329,689
Notes payable	22,781	-	-	22,781
Accounts payable	8,583,399	-	-	8,583,399
Other payables	3,712,477	-	-	3,712,477
Long-term borrowings (including current portion)	2,112	2,074	1,696	5,882

Non-derivative financial liabilities:

December 31, 2016	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 141,120	$ -	$ -	$ 141,120
Notes payable	34,358	-	-	34,358
Accounts payable	7,884,351	-	-	7,884,351
Other payables	2,975,505	-	-	2,975,505
Long-term borrowings (including current portion)	2,147	2,109	3,796	8,052

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

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(9).

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

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 at December 31, 2017 and 2016 is as follows:

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,020,731	$ -	$ -	$ 1,020,731
Debt securities	214,684	-	-	214,684
Available-for-sale financial assets				
Equity securities	323,893	-	352,667	676,560
Total	$ 1,559,308	$ -	$ 352,667	$ 1,911,975

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 653,352	$ -	$ -	$ 653,352
Debt securities	335,117	-	-	335,117
Available-for-sale financial assets				
Equity securities	278,195	-	266,309	544,504
Total	$ 1,266,664	$ -	$ 266,309	$ 1,532,973

D. The methods and assumptions the Group used to measure fair value are as follows:

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

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

(b) 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.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

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

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

E. For the years ended December 31, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2017 and 2016:

	Years ended December 31,	
	2017	2016
At January 1,	$ 266,309	$ 210,131
Acquired during the year	158,691	223,761
Sold during the year	(83,128)	(118,573)
Gains and losses recognised in other comprehensive income	51,110	(40,610)
Capital deducted by returning cash	-	(8,400)
Provision for impairment	(741)	-
Exchange gain (loss)	(55)	-
Transfers into level 3	1,331	-
Transfers out from level 3	(48,850)	-
At December 31,	$ 352,667	$ 266,309

G. The Group's equity investments have subsequently been listed in the Taiwan Stock Exchange from November and December 2017, therefore, the Group transferred the fair value from Level 3 to Level 1 at the end of the month when the event occurred. For the year ended December 31, 2016, there was no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Unlisted shares	$ 290,937	Market comparable companies	Price-to-book ratio, enterprise value to operating income ratio multiple, discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares Private equity fund investment	$ 61,730	Net asset value	Not applicable	Not applicable

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Venture capital shares Private equity fund investment	$ 266,309	Net asset value	Not applicable	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 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.

14. SEGMENT INFORMATION

(1) General information

The Group management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's operating segments are segregated into the global brand business group and other business group based on the revenues from all sources.

Global brand business group: in-charge of the development and sale of main boards, interface cards, notebooks and computer peripherals.

Other business group: in-charge of the development and sale of network & communication products and cell phones.

The Group's company organisation, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(2) Measurement of segment information

The Board of Directors assesses the performance of the operating segments based on the operating income (loss).

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2017

	Global brand business group	Other business group	Total
Total segment revenue	$ 52,041,440	$ 7,843,341	$ 59,884,781
Operating income (loss)	$ 3,536,427	($ 1,310,077)	$ 2,226,350
Depreciation and amortization	$ 88,356	$ 492,176	$ 580,532
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

Year ended December 31, 2016

	Global brand business group	Other business group	Total
Total segment revenue	$ 47,025,609	$ 5,321,780	$ 52,347,389
Operating income (loss)	$ 2,432,270	($ 743,272)	$ 1,688,998
Depreciation and amortization	$ 79,579	$ 459,292	$ 538,871
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

Note: As the Group's assets and liabilities are not the measurement items used by the Chief Operating Decision-Maker in evaluating segments, the measurement amount of the assets and liabilities that shall be disclosed is zero.

(4) Reconciliation for segment income (loss)

The revenue from external parties and segment profit (loss) reported to the Chief Operating

Decision-Maker are measured in a manner consistent with those in the statement of comprehensive income. Therefore, such reconciliation is not required.

(5) Information on products and services

The revenue from external parties was derived primarily from the development and sale of main boards, peripheral cards, notebooks, computer peripherals, network & communication products and cell phones.

Details of revenue is as follows:

Items	Years ended December 31, 2017	Years ended December 31, 2016
Main boards	$ 20,998,411	$ 26,798,980
Peripheral cards	29,152,804	18,675,999
Server	7,379,692	4,874,820
Others	2,353,874	1,997,590
	$ 59,884,781	$ 52,347,389

(6) Geographical information

Geographical information for the years ended December 31, 2017 and 2016 is as follows:

A. Revenue by geographic area:

	Years ended December 31, 2017	Years ended December 31, 2016
Europe	$ 19,050,960	$ 12,063,750
China	13,062,076	15,783,550
USA and Canda	9,857,624	9,221,220
Taiwan	2,681,522	2,472,628
Others	15,232,599	12,806,211
Total	$ 59,884,781	$ 52,347,389

B. Non-current assets:

	Years ended December 31, 2017	Years ended December 31, 2016
Taiwan	$ 2,608,833	$ 2,708,683
China	1,371,136	1,441,546
Others	439,392	505,591
Total	$ 4,419,361	$ 4,655,820

(7) Major customer information

There was no customer accounting for more than 10% of the Group's operating revenue for the years ended December 31, 2017 and 2016.

VI. State the financial position of the Company if any insolvency occurs in the Company or affiliates in the most recent year until the date this report is printed: None

Seven. Financial position and the review and analysis of financial performance and risks

I.Financial Position

Analysis on financial positions - IFRS

Unit: NTD 1,000

Subject \ Year	2017 (Consolidated)	2016 (Consolidated)	Change	
			Amount	%
Current assets	33,623,284	30,955,717	2,667,567	8.62%
Fixed Assets Real estate, factory, and equipment	3,876,017	3,905,043	-29,026	-0.74%
Intangible assets	33,056	54,230	-21,174	-39.04%
Other assets	1,265,315	1,309,060	-43,745	-3.34%
Total assets	38,797,672	36,224,050	2,573,622	7.10%
Current liabilities	13,983,138	12,651,024	1,332,114	10.53%
Other Non-current liabilities	582,210	604,083	-21,873	-3.62%
Total liabilities	14,565,348	13,255,107	1,310,241	9.88%
Equity attributable to owners of the parent	24,089,901	22,810,505	1,279,396	5.61%
Equity	6,356,889	6,291,179	65,710	1.04%
Capital surplus	3,962,314	4,602,046	-639,732	-13.90%
Retained earnings	13,840,935	12,092,633	1,748,302	14.46%
Other shareholder's Equity	-70,237	-175,353	105,116	-59.95%
Non-controlling interests	142,423	158,438	-16,015	-10.11%
Total shareholder's Equity	24,232,324	22,968,943	1,263,381	5.50%

Significant Material Changes and Analysis:

1. Current liabilities: Mainly due to the demand for the Q1 peak season next year, the increase in demand for purchases resulted in an increase in payables.
2. Other equity: These figures are the results of the difference in currency conversion from the financial statements of overseas affiliates and the decrease in unrealized loss of financial assets.

II. Financial Performance

(I) Comparison of Operatimg Results - IFRS

Unit: NTD1,000

Subject \ Year	2017 (Consolidated)	2016 (Consolidated)	Differences	
			Amount	%
Sales	59,884,781	52,347,389	7,537,392	14.40%
Gross profit	10,198,857	9,069,697	1,129,160	12.45%
Operating income	2,226,350	1,688,998	537,352	31.81%
Non-operating income & expenses	949,277	1,273,323	-324,046	-25.45%
Net profit before tax	3,175,627	2,962,321	213,306	7.20%
Net income from continuing operations	–	–	–	–
Loss from discounted operations	–	–	–	–
Net Income	2,713,506	2,284,350	429,156	18.79%
Other comprehensive incomes (net after tax)	74,409	-449,685	524,094	-116.55%
Total comprehensive income	2,787,915	1,834,665	953,250	51.96%

Analysis of Changes:

1. Operating income increased as both revenue and gross profit increased from the previous period.
2. Other comprehensive for the current period increased against that for the previous period mainly because the losses of overseas operations on translation and exchange for the purpose of financial statements decreased against those for the previous period.

Revenue expected for the future year and its basis, plus the main factors that affect the continued growth or decline of the Company's expected revenue:

With the stimulation from new generation of products to be launched in this year and the demand for gaming and crypto currency, we look forward to produce many good results for the market. Gigabyte is expected to launch a number of innovative products in 2018, integrate supply chains, leverage channel advantages, maintain its leading position in terms of motherboard products, improve product distribution in the gaming market, launch a series of gaming peripheral products designed specifically for computer game players, and build an ultimate gaming sphere with full AORUS product ranges. In addition, it will also provide the latest artificial intelligence, big data and cloud applications solutions and create more profit and value for customers by virtue of continuous innovation of intelligent, personalized, customized design. It is expected that the sales volume of such products as motherboards, graphics cards, servers, etc, will grow.

III.Cash Flow

Analysis of Cash Flow - IFRS

(I) Analysis of liquidity over the last two years

Unit:%

Subject /year	2017	2016	Difference (%)
Cash flow ratio	27.92	33.22	-5.30
Cash flow adequacy ratio	132.38	116.98	+15.40
Cash reinvestment ratio	7.94	9.50	-1.56
Explanation for changes: Differences over the years are minimal and normal.			

(II) Analysis on liquidity for the next year

Unit: NTD1,000

Cash Balance At beginning period (1)	Estimated cash flow from Operations for the year (2)	Estimated cash outflow For the year (3)	Estimated cash balance (short) For the year (1)+(2)-(3)	Corrective actions on cash short	
				Investment plan	Financial plan
15,451,598	1,830,419	2,288,418	14,993,599	—	—

1. Analysis of projected cash flow Changes in 2018
    (1) Business activity: 2018 revenues are expected to grow slightly and generate cash income from business activities.
    (2) Investment and financing activities: No major equipment purchases or local and overseas investments are planned in 2018. The emphasis will remain on the issuing of cash dividends.

2.Measures to make up deficient cash flow and liquidity analysis: N/A

IV.The Effect of major capital spending on financial position and operation

(I) Major capital spending and sources of capital:

Unit: NTD1,000

The plan		Actual or projected date of completion	Total amount of capital needed	Actual or projected use of capital
				2017
The plan	Equipment Purchase	2017.12	349,353	349,353

(II) Expected Result: N/A

V.The direct investment policy of the Company over the last five years, major cause for profit or loss and improvement plan, investment plan in next year

Analysis on Direct Investments

Unit: NTD 1,000

Item \ Description	The amount of investment income (loss)(Note)	Investment Policy	Major cause for profit or loss	Improvement plan	Investment plan in the future
G-Style	(93,977)	Sales of NB and gaming NB products	High competition, low margin	Transform products into niche products/ HQ integrates marketing resources to assist NB sales	None
SenYun Precision Optical	(230,132)	manufacture, and sales of optical lens	Revenue not up to an economic scale.	Aggressive customer cultivation and production technology improvement	None

Note:Disclosed companies are subsidiaries that are actively operating and over which Gigabyte has controlling power (owns 50% of their shares).

VI.Risk Management and Evaluation

(I) The effect of interest rate and exchange rate volatility, inflation on the income status of the Company and measures to cope with the problem:

1. Effect of interest rate volatility and countermeasures: None
2. Effect of exchange rate volatility and countermeasures:
   (1) Over 90% of the Company's products are exported and traded in US Dollar. Major purchases are also traded in US Dollar. Naturally, the Company hedges 80% of such transactions. Gigabyte monitors currency market trends and steadily regulates the USD position to reduce the impact of exchange rates on the Company's profit.
   (2) All domestic sales in China by subsidiaries are traded in CNY. As large volatility in the CNY exchange rate will affect our Company's hedging strategy and profitability we use natural hedging and forward exchange in principle. As USD and CNY often go reversely, our Company balances these USD and CNY positions for hedging.
3. The effect of inflation on the profit and loss status of the Company and responding measures: None

(II) The engagement in the investment in high risk and high leverage investments, financing a third party, acting as guarantor in favor of a third party by endorsement, and the policy in derivative trade, the causes of loss or profit from such activities and the measures for coping with the problem:

For outward loans, endorsement/guarantee and derivatives, Giga-Byte has faithfully complied with the policies duly enacted in accordance with "Procedures in Acquirement or Disposal of Assets", "Procedures in Outward Loans of Capitals" and "Procedures in Endorsement/guarantee" and conservative policy. Under no circumstances has Giga-Byte engaged in high leverage investment.

Note: The ceiling of total outstanding guarantees is 30% of the Company's net value. The ceiling for a single party (except the Company's 100% owned subsidiary) is 20% of the net value, and should not exceed 50% of the Company's capital.

(III) R&D plans, the current progress of R&D plans in progress, R&D expenses that should be committed in the future, expected date of volume production, and the factors contributing to successful R&D in the future in the most recent year and up to the publication date of the annual report:

1. R&D Plans in the Most Recent Year:

a.Top notch mainboard on the planet

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

b.Market-leading graphics card

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

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

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

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

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

c.Innovation in Industry and Market-leading Graphics Card

①R&D, Innovation Cloud Service Server

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

②Cloud Computing Solution

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

③Cooperate with AMD to Launch EPYC™ Platform Products

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

d.Hi-End Gaming Laptop

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

e.Champion of Super Micro PC Brix™

Countless award-winning super micro gaming desktop computer BRIX Gaming

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

f.Endless Awards Gaming Peripherals

①Gigabyte launched AORUS K9 Optical Gaming Keyboard
Implementing the latest patented optical axis technology, the optical axis technology uses light shielding to generate signals, which not only speeds up the reaction time to the light speed of 0.03ms but also eliminates the situation of oxidation abrasion like traditional metal domes. Meanwhile, the player can also disassemble and replace the keycap and the switch. No matter the strong key response of green switch or the silence of red switch, with the brand new patented optical switch technology, players can replace with freely, the multi-switch combination will be realized on AORUS K9 Optical. The customized exclusive key response feeling will make players become the highlights of the arena!

②AORUS M3 Gaming Mouse
Adaption of outstanding gaming optical sensor core (Pixart 3988) will support up to real 6400dpi, while the DPI value can be adjusted to the optimum sensitivity in 50dpi units according to the player's requirements, eliminating the adaptation period required by the player when replacing the new mouse completely. This provides players with the ultimate in control, speed and accuracy.

③AORUS H5 Beryllium Diaphragm Horn Gaming Headset
With the dual characteristics of light weight and high rigidity, the beryllium diaphragm can prevent the diaphragm from generating unneeded tremors and noise, allowing sound waves to be transmitted freely and shows excellent frequency response.

2. Progress of unaccomplished R&D plans:
   Persist to present different types of new products ahead of the others in the industry.
3. The R&D expenses that should be committed will remain at the same level as that of the previous year. About NT$1,349 million more will be invested.
4. Projection on mass production:
   Mass production has proceeded as scheduled in the research and development plans. A number of advanced and diverse products were presented.
5. Major factors that affect the future success of R&D
   Initiation of projects that further expand our superiority in R&D, supporting hardware and equipment with Cloud services and applications for innovative software and hardware integrations. In addition to providing users with astounding functions, our products have also continued to garner awards and external recognition. We are able and confident in providing our customers with the best products by driving new innovative technologies and marketing of our new products and adhering to our practical and steadfast business philosophies that aims to sustainably maximize the value of our brand

(IV) The influence of significant Changes of policies and laws, domestic or foreign, toward the finance of the Company and the corresponding measures in the most recent year and up to the publication date of the annual report:

Gigabyte management is compliant to both local and international laws. Various departments are able to keep track of changes to major policies and laws and adjust our internal control and management policies as well as business activities where appropriate to ensure smooth business operations. Hence, Gigabyte is able to respond in a timely and effective manner to changes in important policies and laws.

(V) The influence of Changes of technology and in the industry toward the finance of the Company and the corresponding measures in the most recent year and up to the publication date of the annual report:

Gigabyte has been involved in this industry for many years and has continuously invested large amounts of resources for the R&D of new technologies, achieving a first rate R&D capability in our fields. Additionally, Gigabyte's management team maintains constant vigilance for future trends and technologies, and would adjust corporate business strategies and expand new market opportunities so that Gigabyte would remain in effective command of the overall economic environment and be aware of possible changes to corporate finances and businesses resulting from changes in the industry.

(VI) Gigabyte garnered another award for the nineteenth time in a row and has repeatedly won international design awards. We shall be able to maintain our superior corporate image.

(VII) Expected results from mergers and acquisition and possible risk: N/A

(VIII)Expected results from expansion of facilities and possible risk: See Item IV.

(IX) Possible risks from concentration of purchase and sales:

The Company's biggest customer is Giga-Byte Technology B.V., the 100% owned Dutch subsidiary. This Dutch subsidiary makes up 10% of Gigabyte's entire net revenue, and sells Gigabyte's mother boards and VGA products in Europe. From the viewpoint of the group, the revenue sources of the subsidiary are from customers based in Europe, and thus Gigabyte does not face the risk of concentrating business in one particular customer. In terms of vendors, Gigabyte does not face the risk of concentrating business in one particular from a single vendor, and thus does not have risks of doing business with one particular company.

(X) The effect and risk of the massive transaction of or conversion of shares by directors, supervisors or dominant shareholders of the Company holding more than 10% of the stakes:

There were no massive transactions or conversion of shares effected by thedirectors or dominant shareholders of the Company holding more than 10% of the stakes in 2017 or as of date of publication.

(XI) The effect and risks of the Change of the management: N/A.

(XII) Litigious or Non-Litigious Events: There have been no litigious or non-litigious events that may significant affect the Company.

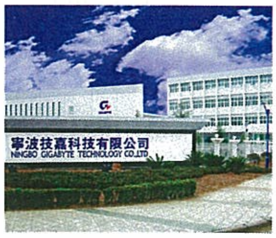
(XIII) Other major risks and responding measures: None.

VII.Others: None.

台北總公司 / Taipei Headquarter

桃園南平廠 / Nan Ping Factory, Taiwan

大陸東莞廠 / Dong Guan Factory, China



大陸寧波廠 / Ning Bo Factory, China