GIGA-BYTE TECHNOLOGY CO., LTD.
Minutes of the 2017 Annual Meeting of Shareholders (Translations)

Time: 9:05 a.m., Wednesday, 14 June 2017

Place: Hotel Kuva Chateau
No. 398, Minquan Road, Zhongli District, Taoyuan City.

Attendance: The total amount of shares represented by attended shareholders and proxies is 475,277,483 shares (276,034,635) shares representing electronic voting), commanding at 75.48% of the totally issued shares of this Company at 629, 629,886 shares, reaching the statutory requirement for the annual general meeting of shareholders. The chairman thus called the meeting to order according to the law.

Attendees: Ming-Hsiung Liu, Men-Min Ma, Jun-ming Cheng (these are all directors), and Yi-Hung Chan (independent director)

Guests: Chun-Yuan Hsiao of PwC Taiwan, CFO Chun-Ying Chen, lawyer Chih-Peng Chiu

Chairman: Pei-Chen Yeh Note taker: Yu-qi Ding

1.Calling the meeting to order: The total amount of shares represented by attended shareholders and proxies has exceeded the statutory requirement, the chairman thus called the meeting to order.

2.Chairman's address: (Omitted).

1.Management presentations

1.1 2016 business reports

Explanation: Please refer to Appendix 1 2016 Business Report.

1.2 Audit Committee's review report on the 2016 financial statements

Explanation: Please refer to Appendix 2 Approval/Audit Report of the Audit Committee

1.3 Reports on the distribution of compensations to employees and directors in 2016 Explanation。

Explanation:

1. According to Article 28 of the Articles of Incorporation regarding the percentage of profits distributed to employees and directors, if there is profit in the year, this Company will appropriate 3-10% as compensations for employees and not more than 3% as compensations for directors.

2. In 2016, this Company plans to appropriate NT$319,977,651 and NT$46,000,000 as compensations for employees and directors respectively. The appropriation ratio is 10% and 1.44% respectively. Both are distributed in cash.

3. This proposal has been approved by the Compensations Committee Meeting and the Board Meeting.

1.4 Other matters: None.

2.Adoptions

Proposal 1: Adoption of the 2016 Business Report and Financial Statements (proposed by the Board)

Explanation:

1. The 2016 financial statements have been audited and certified by the certified public accountant.
2. Please refer to Appendix 1, Appendix 3-1, and Appendix 3-2 for the 2016 Business Report, CPA Audit Report, and Financial Statements of this Company.
3. The 2016 Business Report and 2016 Financial Statements have been approved by the Board meeting and audited by the Audit Committee.
4. Please adopt.

Resolution：This proposal is approved by voting.

[Explanation: A total of416,626,799 votes (including 218,782,612votes from electronic voting) approved the proposal, a total of 84,715 votes (all from electronic voting) disapproved the proposal, and a total of 57,210,469 votes (including 57,167,308 votes from electronic voting) either abstained from voting or did not vote for the proposal. The number of votes for the proposal commands at 87.91% of the total votes at 473,921,983 represented by all attended shareholders.]

Proposal 2: Adoption of the Proposal for Distribution of 2016 Profits (proposed by the Board)

Explanation:

2016 net profit after tax was NT$ 2,292,863,982. After setting aside 10% as the legal reserve, the unappropriated portion will be distributed according to the Articles of Incorporation. Please refer to the 2016 Profit Distribution Table below for details.

GIGA-BYTE TECHNOLOGY CO., LTD.
PROFIT DISTRIBUTION TABLE
Year 2016

(Unit: NT$)

Items	Total
Beginning retained earnings	5,783,276,836
Other adjustments[3]	(27,178,801)
Add: 2016 Net profit before tax	2,833,798,855
Income tax expense	(540,934,873)
Net profit after tax	2,292,863,982
Less: 10% legal reserve	(229,286,398)
Distributable net profit	7,819,675,619
Cash dividend to shareholders@NT$1.6 (see note)	(1,007,407,818)
Unappropriated retained earnings	6,812,267,801

Note:

1. Profit of 2016 is prioritized for profit distribution this year.
2. The dividend of this year is calculated at 629,629,886 shares (shares circulated on the market by 16 April 2017). The dividend rate changed after this date as the number of shares circulated on the market under the influence of the following factors: buying back of the company shares, transfer or revocation of treasury shares, and exercising stock options for employees. Please allow the chairman to handle the affair.
3. Other adjustments: Actuarial losses on defined benefit plans NT$27,178,801.
4. Cash dividends will be distributed up to one dollar (rounded down values below NT$1). The odd amount will be combined to the Company's non-operating income.
5. With the approval of the cash dividend by the meeting of shareholders, the Board will be authorized to determine the base date and distribution date of dividends.

Resolution：This proposal is approved by voting.

[Explanation: A total of 418,864,546 votes (including 221,020,359 votes from electronic voting) approved the proposal, a total of 131,041 votes (all from electronic voting) disapproved the proposal, and a total of 54,926,396votes (including54,883,235 votes from electronic voting) either abstained from voting or did not vote for the proposal. The number of votes for the proposal commands at 88.38% of the total votes at 473,921,983 represented by all attended shareholders.]

3. Proposals and Discussions

Proposal 1: Amendment of the "Asset Acquisition and Disposal Operating and Handling Procedure" (proposed by the Board)

Explanation:

1. The "Asset Acquisition and Disposal Operating and Handling Procedure" is amended in response to the amendment of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
2. The cross reference of the amendment of the "Asset Acquisition and Disposal Operating and Handling Procedure" is tabulated below. Please discuss.

Revised Edition	Previous Edition	Description
Article 8 Except for trading with government <u>agencies</u>, outsourcing construction projects on owned property, outsourcing construction projects on leased property, or acquiring/ disposing equipment for business operations, when acquiring or disposing real property or equipment with a transaction amount up to 20% of the Company's paid-in capital or over NT$300 million, this Company shall obtain a professional appraisal report on the subject matter issued by professional appraisers prior to transaction and meet the following requirements: Paragraphs 1-4 (omitted)	Article 8 Except for trading with government <u>organizations</u>, outsourcing construction projects on owned property, outsourcing construction projects on leased property, or acquiring/ disposing equipment for business operations, when acquiring or disposing real property or equipment with a transaction amount up to 20% of the Company's paid-in capital or over NT$300 million, this Company shall obtain a professional appraisal report on the subject matter issued by professional appraisers prior to transaction and meet the following requirements: Paragraphs 1-4 (omitted)	Amended with reference to §9 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
Article 10 Except for trading with government <u>agencies</u>, when acquiring or disposing memberships or intangible assets amounting up to 20% of the Company's paid-in capital or NT$300 million, this Company shall consult a CPA to express opinion on the fairness of the amount prior to transaction. The CPA shall, in return, proceed in accordance with SAS 20 published by the Accounting Research and Development Foundation in Taiwan.	Article 10 Except for trading with government <u>organizations</u>, when acquiring or disposing memberships or intangible assets amounting up to 20% of the Company's paid-in capital or NT$300 million, this Company shall consult a CPA to express opinion on the fairness of the amount prior to transaction. The CPA shall, in return, proceed in accordance with SAS 20 published by the Accounting Research and Development Foundation in Taiwan.	Amended with reference to §11 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
Article 13 Except for trading bonds and repurchase (RP)/ reserve repurchase (RS) securities, subscribing or <u>buying back</u> money market funds (MMFs) <u>issued by</u> domestic <u>securities investment trust companies</u>, when acquiring or disposing property for related parties, or acquiring or disposing assets other than property with related parties at a transaction amount up to 20% of this Company's paid-in capital, up to 10% of the total assets disclosed in the latest CPA audit (review) report, or over NT$300 million, this Company shall submit the following data to the audit committee and then to the board of directors for approval prior to concluding the transaction agreement and disburse the payment: Items 1-7 (omitted) Items 2-5 (omitted)	Article 13 Except for trading bonds and repurchase (RP)/ reserve repurchase (RS) securities, subscribing or <u>redeeming</u> domestic money market funds (MMFs), when acquiring or disposing property for related parties, or acquiring or disposing assets other than property with related parties at a transaction amount up to 20% of this Company's paid-in capital, up to 10% of the total assets disclosed in the latest CPA audit (review) report, or over NT$300 million, this Company shall submit the following data to the audit committee and then to the board of directors for approval prior to concluding the transaction agreement and disburse the payment: Items 1-7 (omitted) Items 2-5 (omitted)	Amended with reference to §14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Revised Edition	Previous Edition	Description
Article 18 When conducing mergers, spin-offs, acquisitions, or stock transfers, before calling for an audit committee meeting, this Company shall ask for opinions regarding the share exchange ratio, acquisition price, or cash distribution for shareholders, or the reasonability of property from an accountant, legal counsel, or securities underwriter prior to submitting the proposal to the board of directors for discussions and approval, except for merging with subsidiaries of which this Company holds, either directly or indirectly, 100% of the totally issued shares or the total capital of such subsidiaries, or the mergers among subsidiaries of which this Company holds, either directly or indirectly, 100% of the totally issued shares or the total capital of such subsidiaries, where said expert opinions can be omitted.	Article 18 When conducing mergers, spin-offs, acquisitions, or stock transfers, before calling for an audit committee meeting, this Company shall ask for opinions regarding the share exchange ratio, acquisition price, or cash distribution for shareholders, or the reasonability of property from an accountant, legal counsel, or securities underwriter prior to submitting the proposal to the board of directors for discussions and approval.	Amended with reference to §22 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
Article 26 When acquiring or disposing of assets, this Company shall publish/report relevant information by the asset type in the required format on the website designated by the Financial Supervisory Commission (FSC) within two days after occurrence under any one of the following circumstances: 1.Acquiring or disposing of property for related parties, or acquiring or disposing assets other than property with related parties at a transaction amount up to 20% of this Company's paid-in capital, up to 10% of the total assets disclosed in the latest CPA audit (review) report, or over NT$300 million, except for trading bonds and RP/RS securities, subscribing or buying back MMFs issued by domestic securities investment trust companies. 2.Conducing mergers, spin-offs, acquisitions, or stock transfers. 3. Acquiring or disposing of assets for business operations with counterparties who are not a related party at an amount up to any one of the following: (1)Public companies with a paid-in capital under NT10 billion and a transaction amount over NT$500 million. (2)Public companies with a paid-in capital over NT10 billion and a transaction amount over NT$1 billion. 4.Acquiring or disposing of property for construction with counterparties who are not a related party of public construction companies at an amount over NT$500 million.	Article 26 When acquiring or disposing of assets, this Company shall publish/report relevant information by the asset type in the required format on the website designated by the Financial Supervisory Commission (FSC) within two days after occurrence under any one of the following circumstances: 1.Acquiring or disposing of property for related parties, or acquiring or disposing assets other than property with related parties at a transaction amount up to 20% of this Company's paid-in capital, up to 10% of the total assets disclosed in the latest CPA audit (review) report, or over NT$300 million, except for trading bonds and RP/RS securities, subscribing or redeeming domestic MMFs. 2.Conducing mergers, spin-offs, acquisitions, or stock transfers. 3.Asset transactions, obligations disposed by financial institutions, or investments in mainland China other than that mentioned in the foregoing two paragraphs at an amount up to 20% of the Company's paid-in capital or over NT$300 million, except for the following circumstances: (1)Bond trading. (2)Securities trade in overseas stock exchanges or overseas securities companies of professional investment companies, or securities subscribed from a primary market or subscribed according to relevant regulations of securities companies. (3)Trading RP/RS securities, subscribing or redeeming domestic MMFs. (4)Acquiring or disposing of property for	Amended with reference to §30 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Revised Edition	Previous Edition	Description
5.Acquiring property through outsourcing construction projects on owned property, outsourcing construction projects on leased property, or joint construction at a planned investment amount over NT$500 million. 6.Asset transactions, obligations disposed by financial institutions, or investments in mainland China other than that mentioned in the foregoing five paragraphs at an amount up to 20% of the Company's paid-in capital or over NT$300 million, except for the following circumstances: (1)Bond trading. (2)Securities trade in overseas stock exchanges or overseas securities companies of professional investment companies, or ordinary corporate bonds and non-share-related ordinary financial bonds from offering subscribed from the domestic primary market or securities subscribed in accordance with the regulations of from Taipei Exchange by a securities company for underwriting needs or consulting emerging companies. (3)Trading RP/RS securities, subscribing or buying back MMFs issued by domestic securities investment trust companies. Items 2 and 3 (omitted) Where there are mistakes or omissions of the items required for disclosure requiring corrections or supplementations found at the time of disclosure, this Company shall re-disclose all items within two days after acknowledgement. Item 5 (omitted)	business operations with counterparties who are not a related party at an amount under NT$500 million. (5)Acquiring or disposing of property for construction with counterparties who are not a related party of public construction companies at an amount under NT$500 million. (6)Acquiring property through outsourcing construction projects on owned property, outsourcing construction projects on leased property, or joint construction at a planned investment amount under NT$500 million. Items 2 and 3 (omitted) Where there are mistakes or omissions of the items required for disclosure requiring corrections or supplementations found at the time of disclosure, this Company shall re-disclose all items. Item 5 (omitted)	

Resolution: This proposal is approved by voting.

[Explanation: A total of 418,880,893 votes (including 221,036,706 votes from electronic voting) approved the proposal, a total of 91,621 votes (all from electronic voting) disapproved the proposal, and a total of 54,949,469votes (including54,906,308votes from electronic voting) either abstained from voting or did not vote for the proposal. The number of votes for the proposal commands at 88.38% of the total votes at 473,921,983 represented by all attended shareholders.]

Proposal 2: Amendment of the "Endorsement and Guarantee Operating Procedure" (proposed by the Board)

Explanation:

1. The "Endorsement and Guarantee Operating Procedure" is amended in response to the amendment of Article 6 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".
2. The cross reference of the amendment of the "Endorsement and Guarantee Operating Procedure" is tabulated below. Please discuss.

Revised Edition	Previous Edition	Description
Article 6 Limit of endorsements/guarantees 1. The total amount of endorsements or guarantees provided by this Company shall not exceed 30% of the Company's net worth disclosed in the latest CPA audit (review) report, and the total amount of endorsements or guarantees provided by this Company and its subsidiaries shall not exceed 40% of the Company's net worth disclosed in the latest CPA audit (review) report. Items 2 and 3 (omitted)	Article 6 Limit of endorsements/guarantees 1. The total amount of external endorsements or guarantees provided by this Company shall not exceed 30% of the Company's net worth disclosed in the latest CPA audit (review) report, and the total amount of external endorsements or guarantees provided by this Company and its subsidiaries shall not exceed 40% of the Company's net worth disclosed in the latest CPA audit (review) report. Items 2 and 3 (omitted)	Amended with reference to §17 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.
Article 17 Subsidiaries of this Company shall establish an "Endorsement/guarantee operating procedure" with regard to this Procedure. The procedure shall first be approved by the board of directors and then by individual supervisors before submitting to the annual general meeting of shareholders for approval. The same shall apply to any amendments thereof. Item 2 (omitted)	Article 17 Subsidiaries of this Company shall establish an "Endorsement/guarantee operating procedure" with regard to this Procedure. The procedure shall first be approved by the board of directors and then reported to the annual general meeting of shareholders of both parties. The same shall apply to any amendments thereof. Item 2 (omitted)	Amended with reference to §11 and §13 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Resolution: This proposal is approved by voting.

[Explanation: A total of 418,876,231 votes (including 221,032,044 votes from electronic voting) approved the proposal, a total of 110,694 votes (all from electronic voting) disapproved the proposal, and a total of 54,935,058votes (including54,891,897votes from electronic voting) either abstained from voting or did not vote for the proposal. The number of votes for the proposal commands at 88.38% of the total votes at 473,921,983 represented by all attended shareholders.]

Proposal 3: Capital Reserve for Cash Dividend Proposal (proposed by the Board)

Explanation:

1. This Company plans to distribute a cash dividend at NT$1 per share according to the ratio of shares held by shareholders with the excess capital reserve gained from issuing stocks in excess of their face value. The total amount of cash dividend will be NT$629,629,886.
2. Cash shall be distributed by dollar (rounded down for any amount below NT$1). The sum of the rounded down amount will be accounted for the Company's non-operating income.
3. The cash distribution rate changed after this date as the number of shares circulated on the market under the influence of the following factors: buying back of the company shares, transfer or revocation of treasury shares, and exercising stock options for employees. Please allow the chairman to handle the affair.
4. With the approval of the cash distribution by the meeting of shareholders, the Board will be authorized to determine the base date and distribution date of cash.

Resolution: This proposal is approved by voting.

[Explanation: A total of 418,693,053 votes (including 220,848,866 votes from electronic voting) approved the proposal, a total of 286,462 votes (all from electronic voting) disapproved the proposal, and a total of 54,942,468votes (including54,899,307votes from electronic voting) either abstained from voting or did not vote for the proposal. The number of votes for the proposal commands at 88.34% of the total votes at 473,921,983 represented by all attended shareholders.]

4.Questions and Motions：None.

5.Adjournment：9:25 a.m

Appendices

Appendix 1

2016 Business Report

Global economic performance was less than desirable in 2016, as witnessed by a growth rate lower than that of the previous year. Despite a sign of recovery in Q2, the EU referendum and Brexit in June took the global economy back to obscurity. In addition, the Indian banknote demonetization, political unrest in Latin America, and China's low economic development have all affected our regional sales. Overall, the sales performance in these regions declined year over year, thus limiting the 2016 sales growth to a very small scale. As a result, revenues increased by only 2.99% and profit after tax by 18.77% YoY.

The 2016 operating outcomes and the summary of 2017 business plan are described as follows:

一、2016 Business Highlights

(1)Financial and operating highlights

Unit: NT$100 million

Item	2016	2015	Difference	Percentage of Difference(%)
Operating income	523.47	508.29	+15.18	+2.99 %
Gross profit	90.70	87.61	+3.09	+3.53 %
Net profit after tax	22.84	19.23	+3.61	+18.77 %

Item		2016	2015
Financial structure (%)	Debt to total assets (%)	36.59	32.15
	Long-term capital to property & equipment (%)	599.60	574.06
Solvency (%)	Current ratio (%)	244.69	274.81
	Quick ratio (%)	167.91	176.00
Profitability (%)	Return on assets (%)	6.84	5.74
	Return on equity (%)	10.11	8.51
	Profit margin (%)	4.38	3.78
	Basic EPS (NT$)	3.64	3.05

(2)New RD/technology innovation outcomes

1.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.

2.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.

3.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.

4.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.

5.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 7^{th} 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.

6.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.

II. Summary of 2017 Business Plan

(1)Market

The gaming market boom in recent years has raised ongoing demand for high-performance gaming products. We have thus invested more resources in this domain and marketed the premium gaming product brand AORUS. By combing the essential gaming elements, we build exclusive epic-grade gaming products for professional gamers and lead the market trend of the premium gaming products. Meanwhile, we will spare no effort to develop Gigabyte products featuring high performance, high quality, and ultra-durability to fulfill the demand for high quality and high performance of comprehensive users. With the support of the AORUS brand, we aim to become a potent gaming computer brand and a leading computer brand.

(2)Product

At Gigabyte, premium quality, innovation, and R&D are the unchanged policy, and most products have been recognized by a number of international awards. Apart from insisting on premium quality, ultra-durability, and high performance, by following high-standard intelligent energy saving and electronic safety specifications, we start product design with and energy-saving design right at the beginning to provide customers with the best green products. When launching new products, we coordinate with safety protection, intelligent energy-saving service, and carbon footprint disclosure to fulfil the needs of different users across the world. We will uphold brand integrity and product performance and value to create space for making more profit.

(3)Marketing

With innovative and differentiated marketing and by teaming up with world-leading suppliers (e.g. Intel, AMD, NVIDIA, etc.) and launching horizontal alliance with strong brands (e.g. software developers), we will practice cross marketing to increase brand exposure and enhance brand awareness.

(4)Channel deployment

We will strengthen cooperation with distributors and implement adaptive marketing strategies. We will also progressively integrate virtual and physical channels to strengthen on-the-spot marketing and provide appropriate services and support to improve brand and sales strength.

(5)Manufacture

In view of the annually rising wage and the unfriendly taxation environment in China, we will focus on developing process automation and optimal distribution of self-production.

(6)Service

In the new information age, omni-channel service featuring online to offline (O2O) services will be more effective to interact with customers, establish long-lasting customer relationship, and thereby raise customer satisfaction and spread the committed value more quickly.

III. Influence of the external competition environment, legal environment, and macroeconomic environment on future corporate development strategy

1.Factors favoring business operations and development

Looking to 2017, it is expected that slow economic development and low interest rates will end across the world, and a moderate recovery will emerge. According to the IMF's World Economic Outlook for 2017, global economic growth will be 3.4%, up 10% from last year, and the global economy will be moderate and expand. In addition, the other two factors favoring business growth include: (a) A stable oil price after the oil cut agreement between OPEC and Russia; and (b) corrections and recoveries of commodity prices as a result of the increasing commodity demand for new infrastructure projects in the USA and the reformation and stable growth of commodity supply in China. The recovery of these major markets will benefit Gigabyte's sales achievements.

2.Unfavorable conditions

(1)Drastic exchange rate volatility: A drastic and unpredictable change was seen in the exchange rate between New Taiwan Dollar and US Dollar in early 2017 due to the uncertainty of the Trump administration. The high rise of New Taiwan Dollar is unfavorable to export-oriented companies.

(2)The rise of protectionism in the USA is unfavorable to export-oriented Gigabyte.

(3)Water and power shortages in Taiwan are unfavorable to production and business operations.

(4)Policy changes, such as the new foreign worker policy, one fixed day off and one flexible rest day policy, and so on, will increase operating cost for the inflexibility of policies.

3.Future development strategy

(1)Branding "AORUS" into a world-leading gaming brand

As an independent motherboard developer, manufacturer, and supplier distributing Gigabyte branded products for three decades or so, we have a well-organized R&D team, well-established independent manufacturing capacity, and well-developed global marketing network. In view of the rise of the gaming industry and for the effective integration and utilization of corporate resources, we began integrating premium gaming motherboards, gaming graphics cards, and gaming PCs and laptops and distributing them under the brand of "AORUS" at the end of 2016. In addition to high performance and ultra-durability, we have inoculated essential gaming elements in these epic-grade gaming products tailored for professional gamers to become the invincible "AORUS".

(2)Continuous investments in the R&D and innovation of ICT products

At a press conference, the Industrial Economics & Knowledge Center (IEK) of the Industrial Technology Research Institute (ITRI) announced that the ICT industry will extend from the IoT to AI. According to the IEK, the acceleration of IA industry development in 2017 has driven the re-organization of industry chains such as image recognition and machine vision, and the reformation of solutions and application services, such as deep learning algorithm required by all kinds of applications, processors fit for neural computing, and the fusion of sensors and machine vision. It is expected that AI terminal products will began to thrive this year.

While the progress of the ICT industry never stops, and R&D and innovation are the only keys to success, Gigabyte has formed a well-organized ICT R&D team and invests every year plentiful resources and labor in the innovation and development of ICT products. For AI and the IoT, we have already developed multipurpose commercial and industrial servers that combine wireless communication and commercial robots to provide facial recognition, human-machine interaction, and multilingual translation functions. With such, we aim to start a new trend for AI solutions.

In the future, we will uphold the "Upgrade Your Life" brand spirit, we will continue to develop industry-ahead core technologies and launch comprehensive innovation-leading products to create profit for the Company, share with shareholders, benefit humankind, and contribute to society.

Wish You Health and Happiness.

Dandy Yeh
Chairman

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

Appendix 2

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 2016 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 2016 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 2017

Appendix 3-1

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, 2016 and 2015, 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 parent company only financial position of the Company as at December 31, 2016 and 2015, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the 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 judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Occurrence of the revenue

Description

Please refer to Note 4(28) to the parent company only financial statements for the accounting policies on revenue recognition. For the year ended December 31, 2016, the parent company only operating revenue amounted to NT$49,735,072 thousand.

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

How our audit addressed the matter

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

1. Interviewed with management and obtained understanding of the revenue recognition policy, and the consistency of the policy application during the financial reporting periods.
2. Obtained understanding and tested credit check procedures for significant new counterparty. Verified the transaction with significant new counterparty has been properly approved and agreed with supporting documentation, which include searching transaction counterparty's related information.
3. Obtained understanding and tested the selling price and credit term of significant new counterparty.
4. Interviewed with management and obtained understanding for the reason of accounts receivable overdue from significant new counterparty in order to evaluate the reasonableness.
5. Sampled and tested detailed revenue schedule of significant new counterparty and verified the original supporting documentation.
6. Issued accounts receivable confirmation letter to significant new counterparty.

Assessment of allowance for valuation of inventory loss

Description

Please refer to Note 4(13) to the parent company only financial statements for the accounting policies on evaluation of inventories; Note 5(2) parent company only for uncertainty of accounting estimates and assumption on inventory evaluation; and Note 6(5) parent company only for the details of the inventories. As of December 31, 2016, the inventories and allowance for valuation loss amounted to NT$9,428,672 thousand and NT$164,160 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 inventories amount are significant and individually identified the net realisable value of obsolete inventories has uncertainty based on prior industrial 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 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 understanding of the warehouse management procedures, reviewed annual physical inventory count plan and participated the annual inventory count. Evaluated the effectiveness of management control on identifying and managing obsolete inventories.

3. Tested the appropriateness of system logic in inventory aging report which management adopt for inventories valuation purpose, and verified obsolete inventories which exceeds certain aging periods were included in the report..

4. Evaluated the reasonableness of obsolete or damaged inventory items which 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 period of aging and individually 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 $78,782 thousand and $77,481 thousand, representing 0.22% and 0.24% of total parent company only assets as of December 31, 2016 and 2015, respectively, and total net comprehensive loss were $36,783 thousand and $12,498 thousand, representing (2.00%) and (0.75%) 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 judgment and maintain professional skepticism throughout the audit. We also:

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

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

Chun-Yuan Hsiao   Fang-Yu Wang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2017

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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2016 Amount	%	December 31, 2015 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 9,307,785	26	$ 7,357,726	23
1110	Financial assets at fair value through profit or loss - current	6(2)	460,599	1	280,001	1
1130	Held-to-maturity financial assets-current	6(3)	-	-	150,990	-
1150	Notes receivable-net		8,408	-	5,798	-
1170	Accounts receivable-net	6(4)	3,094,347	9	3,016,596	9
1180	Accounts receivable-related parties-net	7	2,325,325	7	1,681,182	5
1200	Other receivables		276,231	1	296,265	1
130X	Inventories-net	6(5)	9,264,512	26	8,292,440	26
1470	Other current assets	6(6)	84,561	-	356,956	1
11XX	**Total current assets**		24,821,408	70	21,437,954	66
	Non-current assets					
1550	Investments accounted for under equity method	6(7)	7,586,732	22	8,218,642	25
1600	Property, plant and equipment-net	6(8)	2,213,725	6	2,259,952	7
1760	Investment property-net	6(9)	210,891	1	122,410	-
1780	Intangible assets		27,774	-	23,648	-
1840	Deferred income tax assets	6(22)	235,905	1	245,354	1
1900	Other non-current assets	6(10) and 8	177,186	-	180,722	1
15XX	**Total non-current assets**		10,452,213	30	11,050,728	34
1XXX	**Total assets**		$ 35,273,621	100	$ 33,488,682	100

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2016 Amount	%	December 31, 2015 Amount	%
	Liabilities					
	Current liabilities					
2150	Notes payable		$ 29,869	-	$ 35,215	-
2170	Accounts payable		7,459,360	21	4,920,517	15
2180	Accounts payable-related parties	7	451,863	1	416,540	1
2200	Other payables	6(11)	2,743,958	8	2,762,549	9
2230	Current income tax liabilities	6(22)	318,097	1	237,081	1
2250	Provisions for liabilities - current	6(12)	443,832	1	444,850	1
2300	Other current liabilities	7	467,745	2	623,623	2
21XX	**Total current liabilities**		11,914,724	34	9,440,375	29
	Non-current liabilities					
2570	Deferred income tax liabilities	6(22)	10,328	-	17,534	-
2600	Other non-current liabilities	6(7)(13)	538,064	1	491,805	2
25XX	**Total non-current liabilities**		548,392	1	509,339	2
2XXX	**Total liabilities**		12,463,116	35	9,949,714	31
	Equity					
	Capital stock	6(14)(15)				
3110	Common stock		6,291,179	18	6,290,629	19
	Capital surplus	6(16)				
3200	Capital surplus		4,602,046	13	4,601,581	14
	Retained earnings	6(17)				
3310	Legal reserve		3,617,317	10	3,425,311	11
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings	6(22)	8,048,962	23	7,547,941	23
	Other equity					
3400	Other equity		(175,353)	-	247,152	1
3XXX	**Total equity**		22,810,505	65	22,538,968	69
3X2X	**Total liabilities and equity**		$ 35,273,621	100	$ 32,488,682	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, 2016 AND 2015

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

			2016		2015	
	Items	Notes	Amount	%	Amount	%
4000	**Operating revenue**	7	$ 49,735,072	100	$ 47,662,757	100
5000	**Operating costs**	6(5)(20)(21) and 7	(42,420,138)	(85)	(40,666,716)	(85)
5900	**Gross profit**		7,314,934	15	6,996,041	15
	Operating expenses	6(20)(21) and 7				
6100	Selling expenses	7	(2,687,687)	(6)	(2,719,851)	(6)
6200	General & administrative expenses		(1,069,263)	(2)	(1,164,318)	(3)
6300	Research and development expense		(1,623,503)	(3)	(1,635,738)	(3)
6000	**Total operating expenses**		(5,380,453)	(11)	(5,519,907)	(12)
6900	**Operating profit**		1,934,481	4	1,476,134	3
	Non-operating revenue and expenses					
7010	Other income	6(9)(18)	1,195,414	3	1,085,328	2
7020	Other gains and losses	6(19)	53,111	-	329,564	1
7050	Finance costs		(349)	-	(296)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(7)	(348,858)	(1)	(534,563)	(1)
7000	**Total non-operating revenue and expenses**		899,318	2	880,033	2
7900	**Profit before income tax**		2,833,799	6	2,356,167	5
7950	Income tax expense	6(22)	(540,935)	(1)	(436,102)	(1)
8200	**Profit for the year**		$ 2,292,864	5	$ 1,920,065	4
	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(13)	($ 32,747)	-	($ 78,621)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	5,567	-	13,365	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(27,180)	-	(65,256)	-
	Components of other comprehensive income that will subsequently be reclassified to profit or loss					
8361	Currency translation differences		(464,646)	(1)	(95,939)	-
8380	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for under the equity method, components of other comprehensive income that will be reclassified to profit or loss		42,141	-	(92,895)	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(422,505)	(1)	(188,834)	-
8300	**Other comprehensive loss for the year, net**		($ 449,685)	(1)	($ 254,090)	-
8500	**Total comprehensive income for the year**		$ 1,843,179	4	$ 1,665,975	4
9750	**Basic earnings per share**	6(23)	$	3.64	$	3.05
9850	**Diluted earnings per share**		$	3.56	$	3.00

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, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

				Retained earnings			Other equity		
	Note	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences	Unrealised gain (loss) on valuation of available-for-sale financial assets	Total equity
Year 2015									
Balance at January 1, 2015		$ 6,288,829	$ 4,592,155	$ 3,185,601	$ 426,354	$ 7,631,177	$ 348,045	$ 87,941	$ 22,560,102
Appropriations of 2014 earnings:	6(17)								
Legal reserve		-	-	239,710	-	(239,710)	-	-	-
Cash dividends		-	-	-	-	(1,698,335)	-	-	(1,698,335)
Share-based payment	6(14)	1,800	342	-	-	-	-	-	2,142
Changes in net equity of associates accounted for under the equity method		-	9,084	-	-	-	-	-	9,084
Profit for the year		-	-	-	-	1,920,065	-	-	1,920,065
Other comprehensive loss for the year		-	-	-	-	(65,256)	(95,939)	(92,895)	(254,090)
Balance at December 31, 2015		$ 6,290,629	$ 4,601,581	$ 3,425,311	$ 426,354	$ 7,547,941	$ 252,106	($ 4,954)	$ 22,538,968
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(17)								
Legal reserve		-	-	192,006	-	(192,006)	-	-	-
Cash dividends		-	-	-	-	(1,572,657)	-	-	(1,572,657)
Share-based payment	6(14)	550	11	-	-	-	-	-	561
Changes in net equity of associates accounted for under the 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	(499,685)
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

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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
Cash flows from operating activities			
Profit before income tax		$ 2,833,799	$ 2,356,167
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)(20)	118,893	108,834
Depreciation charge on investment property	6(9)	1,643	1,040
Amortization	6(20)	153,099	170,744
Provision for doubtful accounts	6(4)	(10,576)	13,307
Net gain on financial assets at fair value through profit or loss	6(2)(19)	18,449	1,800
Interest expense		349	296
Interest income	6(18)	(56,229)	(66,619)
Share of loss of subsidiaries and associates accounted for under the equity method	6(7)	348,858	534,563
(Gain) loss on disposal of property, plant and equipment	6(8)(19)	(1,233)	1,969
Exchange differences on held-to-maturity financial assets		-	2,490
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		(199,047)	91,267
Notes receivable		(2,250)	(126)
Accounts receivable		(711,318)	403,949
Other receivables		20,108	68,821
Inventories		(972,072)	207,586
Other current assets		(17,605)	458,485
Net changes in liabilities relating to operating activities			
Notes payable		(5,346)	(12,050)
Accounts payable		2,574,166	(307,710)
Other payables		(18,591)	(99,167)
Provisions for liabilities		(1,018)	(644)
Other current liabilities		(155,878)	(146,052)
Other non-current liabilities		4,404	10,958
Cash generated from operations		3,922,605	3,799,908
Interest received		56,155	76,746
Interest paid		(349)	(296)
Income tax paid		(452,109)	(410,457)
Net cash provided by operating activities		3,526,302	3,465,901

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
Cash flows from investing activities			
Proceeds from disposal of held-to-maturity financial assets		$ 150,990	$ -
Acquisition of investments accounted for under equity method		(140,000)	(300,000)
Acquisition of property, plant and equipment	6(8)	(171,131)	(107,946)
Proceeds from disposal of property, plant and equipment	6(8)	9,574	1,934
Increase in refundable deposits		(1,863)	(6,421)
Acquisition of intangible assets		(156,597)	(48,460)
Decrease in other financial assets		290,000	700,000
Decrease (increase) in other non-current assets		4,771	(99,651)
Net cash (used in) provided by investing activities		(14,256)	139,456
Cash flows from financing activities			
Increase in deposits received		10,109	5,002
Cash dividends paid	6(17)	(1,572,657)	(1,698,335)
Employee stock options exercised	6(14)	561	2,142
Net cash used in financing activities		(1,561,987)	(1,691,191)
Increase in cash and cash equivalents		1,950,059	1,914,166
Cash and cash equivalents at beginning of year		7,357,726	5,443,560
Cash and cash equivalents at end of year		$ 9,307,785	$ 7,357,726

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

Appendix 3-2

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 its subsidiaries (the "Group") as at December 31, 2016 and 2015, 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, 2016 and 2015, 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 judgment, 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.

Occurrence of the revenue

Description

Please refer to Note 4(31) to the consolidated financial statements for the accounting policies on revenue recognition. For the year ended December 31, 2016, the consolidated operating revenue amounted to NT$52,347,389 thousand.

Giga-Byte Technology Group has various customers across the world and there has no revenue from a single customer exceeds 10% of consolidated operating revenue. Given verifying the existence of the transaction counterparty is critical to the revenue recognition, the occurrence of the revenue from significant new counterparty was identified as a key audit matter.

How our audit addressed the matter

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

1. Interviewed with management and obtained understanding of the revenue recognition policy, and the consistency of the policy application during the financial reporting periods.
2. Obtained understanding and tested credit check procedures for significant new counterparty. Verified the transaction with significant new counterparty has been properly approved and agreed with supporting documentation, which include searching transaction counterparty's related information.
3. Obtained understanding and tested the selling price and credit term of significant new counterparty.
4. Interviewed with management and obtained understanding for the reason of accounts receivable overdue from significant new counterparty in order to evaluate the reasonableness.
5. Sampled and tested detailed revenue schedule of significant new counterparty and verified the original supporting documentation.
6. Issued accounts receivable confirmation letter to significant new counterparty.

Assessment of allowance for valuation of inventory loss

Description

Please refer to Note 4(14) to the consolidated financial statements for the accounting policies on evaluation of inventories; Note 5(2) for uncertainty of accounting estimates and assumption on inventory evaluation; and Note 6(6) for the details of the inventories. As of December 31, 2016, the inventories and allowance for valuation loss amounted to NT$9,905,124 thousand and NT$353,865 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 inventories amount are significant and individually identified the net realisable value of obsolete inventories has uncertainty based on prior industrial 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 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 understanding of the warehouse management procedures, reviewed annual physical inventory count plan and participated the annual inventory count. Evaluated the effectiveness of management control on identifying and managing obsolete inventories.

3. Tested the appropriateness of system logic in inventory aging report which management adopt for inventories valuation purpose, and verified obsolete inventories which exceeds certain aging periods were included in the report..

4. Evaluated the reasonableness of obsolete or damaged inventory items which 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 period of aging and individually 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 $78,782 thousand and $77,481 thousand, representing 0.22% and 0.23% of total consolidated assets as of December 31, 2016 and 2015, respectively, and total net comprehensive loss were $36,783 thousand and $12,498 thousand, representing (2.00%) and (0.75%) 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, 2016 and 2015.

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 judgment 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 14, 2017

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2016 Amount	%	December 31, 2015 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 12,924,700	35	$ 10,723,611	32
1110	Financial assets at fair value through profit or loss - current	6(2)	988,469	3	1,187,595	4
1125	Available-for-sale financial assets-current	6(3)	278,195	1	47,974	-
1130	Current held-to-maturity financial assets	6(4)	-	-	150,990	-
1150	Notes receivable - net		10,230	-	5,848	-
1170	Accounts receivable - net	6(5)	5,396,357	15	5,204,633	16
1200	Other receivables		610,629	2	513,289	2
130X	Inventories - net	6(6)	9,551,259	26	8,427,206	25
1470	Other current assets	6(7) and 8	1,195,878	3	1,585,537	5
11XX	**Total current assets**		30,955,717	85	27,846,683	84
	Non-current assets					
1523	Available-for-sale financial asset-non-current	6(3)	266,309	1	335,214	1
1550	Investments accounted for under equity method	6(8)	79,106	-	239,988	1
1600	Property, plant and equipment - net	6(9)	3,905,043	11	4,022,766	12
1760	Investment property - net	6(10)	270,107	1	159,759	-
1780	Intangible assets		54,230	-	34,144	-
1840	Deferred income tax assets	6(26)	346,204	1	278,693	1
1900	Other non-current assets	6(11) and 8	347,334	1	323,386	1
15XX	**Total non-current assets**		5,268,333	15	5,393,950	16
1XXX	**Total assets**		$ 36,224,050	100	$ 33,240,633	100

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2016 Amount	%	December 31, 2015 Amount	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 141,120	-	$ 70,000	-
2150	Notes payable		34,358	-	37,139	-
2170	Accounts payable		7,884,351	22	4,978,471	15
2200	Other payables	6(13)	2,975,505	8	3,192,128	10
2230	Current income tax liabilities	6(26)	390,557	1	510,569	1
2250	Provisions for liabilities - current	6(14)	561,233	2	570,459	2
2300	Other current liabilities	6(15)	663,900	2	774,190	2
21XX	**Total current liabilities**		12,651,024	35	10,132,956	30
	Non-current liabilities					
2540	Long-term borrowings	6(16)	5,667	-	-	-
2570	Deferred income tax liabilities	6(26)	10,484	-	17,534	-
2600	Other non-current liabilities	6(17)	587,932	2	536,724	2
25XX	**Total non-current liabilities**		604,083	2	554,258	2
2XXX	**Total liabilities**		13,255,107	37	10,687,214	32
	Equity					
	Equity attributable to owners of the parent					
	Capital stock	6(18)(19)				
3110	Common stock		6,291,179	17	6,290,629	19
	Capital surplus	6(20)				
3200	Capital surplus		4,602,046	13	4,601,581	14
	Retained earnings	6(21)				
3310	Legal reserve		3,617,317	10	3,425,311	10
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings	6(26)	8,048,962	22	7,547,941	23
	Other equity					
3400	Other equity		(175,353)	-	247,152	1
31XX	**Total equity attributable to owners of the parent**		22,810,505	63	22,538,968	68
36XX	**Non-controlling interest**		158,438	-	14,451	-
3XXX	**Total equity**		22,968,943	63	22,553,419	68
3X2X	**Total liabilities and equity**		$ 36,224,050	100	$ 33,240,633	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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			2016		2015	
	Items	Notes	Amount	%	Amount	%
4000	**Operating revenue**		$ 52,347,389	100	$ 50,828,792	100
5000	**Operating costs**	6(6)(24)(25)	(43,277,692)	(83)	(42,067,380)	(83)
5900	**Gross profit**		9,069,697	17	8,761,412	17
	Operating expenses	6(24)(25)				
6100	Selling expenses		(4,095,557)	(8)	(4,234,988)	(9)
6200	General & administrative expenses		(1,561,928)	(3)	(1,627,909)	(3)
6300	Research and development expenses		(1,723,214)	(3)	(1,646,777)	(3)
6000	**Total operating expenses**		(7,380,699)	(14)	(7,509,674)	(15)
6900	**Operating profit**		1,688,998	3	1,251,738	2
	Non-operating revenue and expenses					
7010	Other income	6(10)(22)	1,449,989	3	1,377,670	3
7020	Other gains and losses	6(23)	8,753	-	107,964	-
7050	Finance costs		(98,445)	-	(1,438)	-
7060	Share of (loss)/profit of associates and joint ventures accounted for under the equity method	6(8)	(86,974)	-	(64,275)	-
7000	**Total non-operating revenue and expenses**		1,273,323	3	1,419,921	3
7900	**Profit before income tax**		2,962,321	6	2,671,659	5
7950	Income tax expense	6(26)	(677,971)	(1)	(748,959)	(1)
8200	**Profit for the year**		$ 2,284,350	5	$ 1,922,700	4
	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(17)	($ 32,747)	-	($ 78,621)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	5,567	-	13,365	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(27,180)	-	(65,256)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences		(464,646)	(1)	(95,939)	(1)
8362	Unrealised loss on valuation of available-for-sale financial assets	6(3)	42,141	-	(92,895)	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(422,505)	(1)	(188,834)	(1)
8300	**Other comprehensive loss, net**		($ 449,685)	(1)	($ 254,090)	(1)
8500	**Total comprehensive income for the year**		$ 1,834,665	4	$ 1,668,610	3
	Profit attributable to:					
8610	Owners of parent		$ 2,292,864	5	$ 1,920,065	4
8620	Non-controlling interest		(8,514)	-	2,635	-
	Total		$ 2,284,350	5	$ 1,922,700	4
	Comprehensive income attributable to:					
8710	Owners of parent		$ 1,843,179	4	$ 1,665,975	3
8720	Non-controlling interest		(8,514)	-	2,635	-
	Total		$ 1,834,665	4	$ 1,668,610	3
9750	**Basic earnings per share**	6(27)	$	3.64	$	3.05
9850	**Diluted earnings per share**		$	3.56	$	3.00

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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained earnings			Other equity				
	Notes	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences	Unrealised gain (loss) on valuation of available-for-sale financial assets	Total	Non-controlling interest	Total equity
Year 2015											
Balance at January 1, 2015		$ 6,288,829	$ 4,592,155	$ 3,185,601	$ 426,354	$ 7,631,177	$ 348,045	$ 87,941	$ 22,560,102	$ 18,012	$ 22,578,114
Appropriations of 2014 earnings:	6(21)										
Legal reserve		-	-	239,710	-	(239,710)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,698,335)	-	-	(1,698,335)	(2,715)	(1,701,050)
Share-based payment	6(18)	1,800	342	-	-	-	-	-	2,142	-	2,142
Changes in net equity of associates accounted for using equity method in equity		-	9,084	-	-	-	-	-	9,084	-	9,084
Changes in non-controlling interest		-	-	-	-	-	-	-	-	(3,481)	(3,481)
Profit for the year		-	-	-	-	1,920,065	-	-	1,920,065	2,635	1,922,700
Other comprehensive loss for the year		-	-	-	-	(65,256)	(95,939)	(92,895)	(254,090)	-	(254,090)
Balance at December 31, 2015		$ 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
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(21)										
Legal reserve		-	-	192,006	-	(192,006)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,572,657)	-	-	(1,572,657)	(961)	(1,573,618)
Share-based payment	6(18)	550	11	-	-	-	-	-	561	-	561
Changes in net equity of associates accounted for using equity method in equity		-	454	-	-	-	-	-	454	-	454
Changes in non-controlling interest		-	-	-	-	-	-	-	-	153,462	153,462
Profit for the year		-	-	-	-	2,292,864	-	-	2,292,864	(8,514)	2,284,350
Other comprehensive (loss) income 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

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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
Cash flows from operating activities:			
Profit before income tax		$ 2,962,321	$ 2,671,659
Adjustments to reconcile profit before income tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(24)	357,319	380,934
Depreciation charge on investment property	6(10)	4,678	3,602
Amortisation	6(24)	181,552	195,418
Provision for doubtful accounts	6(5)(24)	14,246	30,455
Net gain on financial assets at fair value through profit or loss	6(2)(23)	(87,596)	(54,917)
Interest expense		98,445	1,438
Interest income	6(22)	(103,047)	(140,570)
Dividends income	6(22)	(28,014)	(38,374)
Share of loss of associates and joint ventures accounted for using equity method	6(8)	86,974	64,275
Loss on disposal of property, plant and equipment	6(9)(23)	36,239	24,339
Gain on disposal of available-for-sale financial assets	6(23)	(46,481)	(32,149)
Gain on disposal of investments accounted for using equity method	6(23)	(25,120)	-
Impairment loss on non-financial assets	6(23)	56,130	-
Exchange loss on held-to-maturity financial assets		-	2,490
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		286,722	58,916
Notes receivable		(3,343)	1,390
Accounts receivable		(98,130)	857,323
Other receivables		(97,250)	(84,288)
Inventories		(1,026,547)	436,122
Other current assets		(35,042)	192,123
Net changes in liabilities relating to operating activities			
Notes payable		(16,184)	(13,065)
Accounts payable		2,899,664	(509,446)
Other payables		(268,081)	(184,572)
Provisions for liabilities		(9,226)	35,403
Other current liabilities		(133,316)	(76,322)
Other non-current liabilities		8,612	16,527
Cash generated from operations		5,015,525	3,838,711
Dividend received		28,014	38,374
Interest paid		(98,445)	(1,438)
Interest received		103,122	150,697
Income tax paid		(845,354)	(525,807)
Net cash provided by operating activities		4,202,862	3,500,537

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
Cash flows from investing activities:			
Acquisition of available-for-sale financial assets		($ 323,724)	($ 125,771)
Proceeds from disposal of available-for-sale financial assets		242,630	103,728
Capital reduction by returning cash for available-for-sale financial assets		8,400	10,500
Acquisition of investments accounted for under equity method		(99,257)	-
Proceeds from disposal of investments accounted for under equity method		18,544	-
Proceeds from capital reduction of investments accounted for using equity method		44,550	-
Acquisition of property, plant and equipment	6(9)	(284,741)	(195,359)
Proceeds from disposal of property, plant and equipment	6(9)	16,165	2,592
Acquisition of intangible assets		(156,597)	(48,460)
Decrease in other financial assets		444,026	32,765
Increase in refundable deposits		(28,159)	(2,723)
Proceeds from disposal of held-to-maturity financial assets		150,990	-
Increase in other non-current assets		(19,911)	(128,720)
Net cash flow from acquisition of subsidiaries	6(28)	32,759	-
Net cash provided by (used in) investing activities		45,675	(351,448)
Cash flows from financing activities:			
Decrease in short-term borrowings		(123,027)	(1,326)
Increase in deposits received		9,849	5,219
Employee stock options exercised	6(18)	561	2,142
Repayments of long-term debt		(27,025)	-
Cash dividends paid-parent company	6(19)	(1,572,657)	(1,698,335)
Cash dividends paid-subsidiaries	6(19)	(961)	(2,715)
Changes in non-controlling interest		3,847	(3,481)
Net cash used in financing activities		(1,709,413)	(1,698,496)
Effect of exchange rate changes on cash and cash equivalents		(338,035)	(63,337)
Increase in cash and cash equivalents		2,201,089	1,387,256
Cash and cash equivalents at beginning of year		10,723,611	9,336,355
Cash and cash equivalents at end of year		$ 12,924,700	$ 10,723,611

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