

GIGABYTE™

GIGA-BYTE TECHNOLOGY CO., LTD.

**2020 ANNUAL GENERAL MEETING
MEETING AGENDA
(Translation)**



June 12, 2020

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GIGA-BYTE TECHNOLOGY CO., LTD.

Agenda of the 2020 Annual Meeting of Shareholders

1. Time: 9:00 a.m., Friday, 12 June 2020
2. Place: Hotel Kuva Chateau No. 398, Minquan Road, Zhongli District, Taoyuan City.
3. Calling the meeting to order
4. Performing acts of ceremony
5. Management presentations
 - 5.1 2019 business reports
 - 5.2 Audit Committee's review report on the 2019 financial statements
 - 5.3 Reports on the distribution of compensations to employees and directors in 2019
 - 5.4 Report on 2019 surplus distribution in the form of cash dividend
 - 5.5 Other matters
6. Adoptions
 - Proposal 1: Adoption of the 2019 Business Report and Financial Statements (proposed by the Board)
 - Proposal 2: Adoption of the Proposal for Distribution of 2019 Profits (proposed by the Board)
7. Proposals and discussions
 - Amendment to the Company's "Rules of Procedure for Shareholder Meetings" (proposed by the Board)
8. Questions and motions
9. Adjournment

1. Management presentations

1.1 2019 business reports

Explanation: Please refer to Appendix 1 2019 Business Report.

1.2 Audit Committee's review report on the 2019 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 2019

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 2019, this Company plans to appropriate NT\$245,385,163 and NT\$46,000,000 as compensations for employees and directors respectively. The appropriation ratio is 10% and 1.87% respectively. Both are distributed in cash.
3. This proposal has been approved by the Compensations Committee Meeting and the Board Meeting.

1.4 Report on 2019 surplus distribution in the form of cash dividend

Explanation:

1. In accordance with Article 28 of Articles of Incorporation, distributable dividends, and bonuses in whole or in part in cash is authorized to be paid after a resolution has been adopted at a meeting of the Board of Directors, and a report submitted to the shareholders' meeting.
2. The Company proposes to distribute cash dividend of NT\$1,398,515,549 to shareholders in accordance with the Articles of Incorporation, at NT\$2.2 per share. 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.
3. Upon resolution of the meeting of the Board of Directors, the Board of Directors shall set the dividend record date, distribution date and other related matters.

1.5 Other matters: None.

2. Adoptions

Proposal 1: Adoption of the 2019 Business Report and Financial Statements (proposed by the Board)

Explanation:

1. The 2019 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 2019 Business Report, CPA Audit Report, and Financial Statements of this Company.
3. The 2019 Business Report and 2019 Financial Statements have been approved by the Board meeting and audited by the Audit Committee.
4. Please adopt.

Resolution :

Proposal 2: Adoption of the Proposal for Distribution of 2019 Profits (proposed by the Board)

Explanation:

1. 2019 net profit after tax was NT\$ 1,939,241,414. After setting aside 10% as the legal reserve, the unappropriated portion will be distributed according to the Articles of Incorporation. Please refer to the 2019 Profit Distribution Table below for details.
2. The resolution was approved at the meeting of the Board of Directors and audited by the Audit Committee.

GIGA-BYTE TECHNOLOGY CO., LTD.
PROFIT DISTRIBUTION TABLE
Year 2019

(Unit: NT\$)

Items	Total
Beginning retained earnings	6,702,120,594
Other adjustments ²	(23,267,476)
Add: 2019 Net profit before tax	2,162,466,466
Income tax expense	(223,225,052)
Net profit after tax	1,939,241,414
Less: 10% legal reserve	(193,924,141)
Distributable net profit	8,424,170,391
Cash dividend to shareholders@NT\$2.2 (see note)	(1,398,515,549)
Unappropriated retained earnings	7,025,654,842

Note:

1. For current year's surplus distribution, 2019 profit shall first be distributed.
2. Other adjustments: This year to determine the benefits of the benefit plan actuarial gains and losses to decrease NT\$ 23,267,476.
3. Current distribution based on 635,688,886 shares (calculated based on number of outstanding shares as of April 14, 2020).

Resolution:

3. Proposals and Discussions

Amendment to the Company’s “Rules of Procedure for Shareholder Meetings” (proposed by the Board)

Explanation:

1. In line with the amendment of the Company Act and with reference to announcement Tai-Zheng-Zhi-Li No.1080024221, “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” by Taiwan Stock Exchange Corporation dated January 2, 2020, the revision of the Company’s Rules of Procedure for Meetings of Shareholders is established.
2. Below shows the correspondence of the amendment to the “Rules of Procedure for Shareholder Meetings”.
3. Please discuss.

Revised Edition	Previous Edition	Description
<p>Article 3 Item 1-3 (omitted)</p> <p>The election or discharge of directors or supervisors, amendments to the articles of incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares,</u> dissolution, merger, or demerger of the Company, or any matter under Article 185 paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out in the notice of the reasons for convening the shareholders meeting <u>and the essential contents shall be explained.</u> None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.</u></p> <p><u>Re-election of directors and their date of assuming office have been stated in the reasons for convening shareholders meeting. After the re-election in the current shareholders' meeting, the date of assuming office shall not be changed by extraordinary motions or other methods in the same meeting.</u></p> <p>A shareholder holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. Only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. <u>However, a shareholder proposal urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals by the Board of Directors.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals <u>in writing or electronically,</u> and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Below omitted.</p>	<p>Article 3 Item 1-3 (omitted)</p> <p>The election or discharge of directors or supervisors, amendments to the articles of incorporation, dissolution, merger, or demerger of the Company, or any matter under Article 185 paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a <u>written</u> proposal for discussion at a regular shareholders meeting. Only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Below omitted.</p>	<p>1. Amended relevant wording in line with Article 172 of the Company Act.</p> <p>2. Relevant Article added in line with Letter Jing-Shang No. 10702417500 dated August 6, 2018.</p>

Revised Edition	Previous Edition	Description
<p>Article 10 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. <u>Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda).</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>Item 2-3 (omitted) The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote, <u>and arrange adequate voting time.</u></p>	<p>Article 10 If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>Item 2-3 (omitted) The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>	<p>1. Amendment of relevant Articles in line with electronic voting and casting of votes on each separate proposal.</p> <p>2. Amendment of relevant Article to prevent the convening party of the shareholders' meeting from over restricting shareholders' voting time, resulting in shareholders not able to vote in time and affecting them in exercising their voting rights.</p>
<p>Article 13 Item 1 (omitted) When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting. When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; <u>it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.</u></p> <p>Below omitted.</p>	<p>Article 13 Item 1 (omitted) When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting. When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.</p> <p>Below omitted.</p>	<p>Amended relevant Article in line with electronic voting.</p>
<p>Article 15 Item 1-2 (omitted) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results <u>(include statistical weight); and where there is election of directors, disclose the number of votes which they were elected.</u> It shall be retained for the duration of the existence of the Company.</p> <p>Below omitted.</p>	<p>Article 15 Item 1-2 (omitted) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.</p> <p>Below omitted.</p>	<p>Amendment of relevant Article in line with the implementation of casting of vote on each separate proposal.</p>

Resolution:

4. Questions and Motions

5. Meeting Adjournment

Appendices

Appendix 1

2019 Business Report

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

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

I - 2019 Business Highlights

1. Financial and operating highlights

Unit: NT\$100 million

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

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

2. New RD/technology innovation outcomes

(1) World's top motherboard

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

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

(2) Industry-leading graphics card

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

(3) Industry's innovative cloud server

①AI solutions research and development

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

②5G architecture integrated solution

5G mobile network is a cross-domain networking service architecture specially designed for future lifestyle. Currently, 5G architecture deployment is mainly driven from open-source software and hardware, followed by refurbishing the network architecture. It upgrades small cell technologies, deploys to the terminal and then gradually to SDN hardware with the server as the main body. GIGABYTE has 20 years of experience in hardware supply in vertical application, and cooperates with 5G chipset manufacturers, national research and development teams, and networking software startups. With its early preparation targeting compatibility and software and hardware optimization, it takes the lead in 5G commercial operations, and seizes business opportunities in Enhanced Mobile Broadband (eMBB) and business-critical services with terminals and SDN products.

③Cooperates with AMD in launching EPYC™ platform

Due to EPYC's excellent cost performance, GIGABYTE has since the launch of its first generation EPYC, made foresight planning in establishing EPYC product lines

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

(4) AI gaming laptop

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

(5) Ultra compact PC Champion Brix™

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

(6) Gaming peripherals that won numerous awards

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

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

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

Launches latest high-speed PCIe Gen x8 interface AORUS RAID SSD 2TB AIC SSD, providing up to 1.8 times of performance compared to traditional PCIe 3.0 NVMe SSD. Its cooling fins, comprehensive M.2 exclusive heat sink, active cooling design, and AORUS Storage Manager application, allow gamers to monitor and adjust SSD operating status at all times!

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

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

(7) Innovative digital application — Smart Life

Developed cross-domain smart agricultural IoT that is able to reflect and predict ecological and environmental factors at real time. It comprises soil moisture, temperature, and growth analysis, and integrates with cloud linkage of backend data center to conduct monitoring and big data analysis, optimizing production efficiency. For convenient lifestyle service, GIGABYTE industrial computers are also applied on smart try-on mirror. It creates complete facial AR/VR, and uses 3D lens experience at

real time for future try-on simulation, generating optimized data for companies in decision management. In addition, facial recognition is also used together with big data on smart signage and security access control, analyzing traffic flow for precision marketing or security. With the exchange of diverse smart technologies, we also cooperate with the smart glasses industry by combining AR/MR technologies with GIGABYTE hardware computing analysis, and produce services of better digitization, and higher efficiency and precision. GIGABYTE Smart Life makes use of innovative technologies as its basis for upgrading life. With one-stop integration for tracking of every step, it simplifies modern lifestyle and workload.

II. Summary of 2020 Business Plan

1. Market

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

2. Product

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

3. Marketing

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

4. Sales Channel Establishment

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

5. Manufacture

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

6. Service

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

7. Social Responsibility

The vision of promoting sustainable development begins from GIGABYTE's corporate mission, "Innovative Technologies, Upgrade Your Life", and we have established 4 major

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

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

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

- (1) Early this year, the United States and China reached the first phase of trade negotiation, and both parties started to adjust the original additional tariffs measures, followed by the second phase of trade negotiation. US-China trade offense and defense temporarily come to an end, which will be beneficial for the Company's overall capacity allocation.
- (2) Esports competition has gradually become mainstream events, and esports global output is expected to exceed USD1.65 billion by 2021. GIGABYTE's main products are gaming motherboard, gaming graphics cards, gaming laptop and related peripherals. Hence, the rapid growth of global esports output is favorable for the Company's future operating performance.
- (3) With the arrival of the 5G era, high-performance computing servers and edge computing development will be future mainstream. In recent years, GIGABYTE sees a fast revenue growth in network communication equipment. In the future, we will continue to invest in research and development, and it is expected to drive the Company's revenue and profitability.

2. The unfavorable factors for the Company's operational development

- (1) International oil price collapse and global pandemic have weakened both supply and demand. In the past, it was assumed that a drop in oil price was beneficial for cost control. However, once it turns into deflation, it will reduce cost advantage, impact the global economy, and thereby affect the Company's transnational operations.
- (2) The impact of US- China trade has slowed China's economic growth, and the reduced purchasing power and purchase demand will impact the Company's operations in the region.
- (3) With the global outbreak of the new coronavirus, IMF Chief predicts that the coronavirus epidemic will trigger the worst recession since the Great Depression in the 1930s, and the global economy will shrink by 3%. As the epidemic continues to spread, lockdown measures of the countries have caused trading activities to stop and unemployment to increase, which are unfavorable for the Company's revenue.
- (4) In response to the epidemic, major countries swiftly launched QE monetary easing policy. Cash outflow to Asia may cause appreciation shock to the Taiwan Dollar, which is unfavorable for GIGABYTE as we rely on exports.

3. Company's future development strategies

- (1) Specialize in a full range of AORUS gaming peripherals, providing gamers with integrated solutions product experience.

Besides existing AORUS hit products which comprise gaming series motherboard and graphics card, GIGABYTE actively develops a full range of AORUS peripherals with excellent firmware technologies and highly integrated performance. GIGABYTE also develops gaming peripherals such as RGB DRAM Memory Module and AD27QD, world's first tactical gaming monitor, etc., specially for gamers. Through system resource integration and sharing, create an ultimate extraordinary gaming experience

for gamers, and with complete sensory stimulation, immerse gamers in the fast and furious virtual gaming world, and ultimate magical feast!

- (2) In welcoming the 5G era, build high-performance AI clouds, comprehensive server product lines.

The 5G era is a generation for AI and high-performance clouds. GIGABYTE will continue to build a full series of high-performance AI cloud server products. It will provide server product requirements in various different professional fields such as AI computing, hyper converged computing, big data storage service, multi-media software development design, enterprise internal IT architecture, etc., and build a new beachhead for future cloud server development in the era of high-performance cloud. Also, GIGABYTE will actively invest in the research and development of edge computing, and apply edge computing architecture on related products. Besides assisting customers by providing instant response on exception messages, we also carry out preprocessing on the massive data collected, increasing overall product value brought about by data processing efficiency.

- (3) Integrate opto-mechatronics series of products.

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

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

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

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

Wish You Health and Happiness.

Dandy Yeh
Chairman

Chairman: Pei-Cheng Yeh

CEO: E-Tay Li

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

To

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

Hwei-Min Wang
Convener
Audit Committee
16 April, 2020

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

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

In our opinion, based on our audits and the report of the other auditors, as described in the Other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Occurrence of revenue from significant new counterparty

Description

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

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

How our audit addressed the matter

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

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

Assessment of allowance for valuation of inventory loss

Description

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

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

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

How our audit addressed the matter

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

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

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

Other matter – Report of other auditors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fang-Yu Wang

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

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

(Continued)

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

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's consolidated financial statements of the current period are as follows:

Revenue from significant new counterparties

Description

Please refer to Note 4(32) for the accounting policies on revenue recognition. For the year ended December 31, 2019, the consolidated operating revenue amounted to NT\$61,781,254 thousand.

Giga-Byte Technology Group's revenue is derived from numerous customers from different countries and there was no revenue from a single customer that exceeded 10% of the consolidated operating revenue. Given that the verification of the existence of the transaction counterparty is critical to the revenue recognition, the occurrence of revenue from significant new counterparties was identified as a key audit matter.

How our audit addressed the matter

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

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

Assessment of allowance for valuation of inventory loss

Description

Please refer to Note 4(14) for the accounting policies on evaluation of inventories; Note 5(2) for uncertainty of accounting estimates and assumption on inventory evaluation; and Note 6(6) for the details of the inventories. As of December 31, 2019, the inventories and allowance for valuation loss amounted to NT\$11,828,947 thousand and NT\$484,655 thousand, respectively.

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

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

How our audit addressed the matter

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

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

Other matter – Report of other auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts included in the financial statements was based solely on the reports of the other auditors. The aforementioned equity investments were \$21,193 thousand and \$48,519 thousand, representing 0.06% and 0.14% of total consolidated assets as of December 31, 2019 and 2018, respectively, and total net comprehensive loss were \$27,326 thousand and \$28,382 thousand, representing (1.29%) and (1.13%) of total consolidated comprehensive loss for the years then ended, respectively.

Other matter – Parent company only financial statements

We have audited and expressed an unmodified opinion with Other matter paragraph on the parent company only financial statements of Giga-Byte Technology Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

Se-Kai Lin

Fang-Yu Wang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2020

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

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 9,907,845	26	\$ 8,610,907	24
1110	Financial assets at fair value through profit or loss - current	6(2)	729,427	2	891,231	3
1136	Financial assets at amortised cost - current	6(4) and 8	705,762	2	1,162,817	3
1150	Notes receivable, net	6(5)	2,996	-	3,047	-
1170	Accounts receivable, net	6(5)	6,619,142	18	5,813,268	16
1200	Other receivables		129,617	-	105,666	-
1220	Current income tax assets		44,613	-	-	-
130X	Inventories, net	6(6)	11,344,292	30	11,520,153	32
1410	Prepayments		604,762	2	680,974	2
1470	Other current assets	6(7) and 8	20,704	-	171,356	1
11XX	Total current assets		<u>30,109,160</u>	<u>80</u>	<u>28,959,419</u>	<u>81</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income—non-current	6(3)	2,223,790	6	1,714,344	5
1535	Financial assets at amortized cost-non-current	6(4) and 8	211,075	1	-	-
1550	Investments accounted for using the equity method	6(8)	21,193	-	48,519	-
1600	Property, plant and equipment, net	6(9)	4,085,922	11	4,131,468	12
1755	Right-of-use assets	6(10)	182,698	-	-	-
1760	Investment property, net	6(12)	50,991	-	57,315	-
1780	Intangible assets		30,789	-	51,998	-
1840	Deferred income tax assets	6(30)	542,738	1	522,362	1
1900	Other non-current assets	6(13) and 8	253,185	1	249,170	1
15XX	Total non-current assets		<u>7,602,381</u>	<u>20</u>	<u>6,775,176</u>	<u>19</u>
1XXX	Total assets		<u>\$ 37,711,541</u>	<u>100</u>	<u>\$ 35,734,595</u>	<u>100</u>

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 289,088	1	\$ 309,722	1
2130	Contract liabilities-current	6(24)	247,156	1	335,964	1
2150	Notes payable		58,116	-	11,465	-
2170	Accounts payable		7,230,678	19	5,272,720	15
2200	Other payables	6(15)	3,934,910	10	3,834,550	10
2230	Current income tax liabilities		27,662	-	446,037	1
2250	Provisions for liabilities - current	6(16)	556,798	1	433,059	1
2280	Lease liabilities-current		84,216	-	-	-
2300	Other current liabilities	6(17)	236,661	1	312,121	1
21XX	Total current liabilities		<u>12,665,285</u>	<u>33</u>	<u>10,955,638</u>	<u>30</u>
Non-current liabilities						
2540	Long-term borrowings	6(18)	3,000	-	10,833	-
2570	Deferred income tax liabilities	6(30)	-	-	77	-
2580	Lease liabilities-non-current		57,696	-	-	-
2600	Other non-current liabilities		632,449	2	599,381	2
25XX	Total non-current liabilities		<u>693,145</u>	<u>2</u>	<u>610,291</u>	<u>2</u>
2XXX	Total liabilities		<u>13,358,430</u>	<u>35</u>	<u>11,565,929</u>	<u>32</u>
Equity						
Equity attributable to owners of the parent						
Capital stock						
		6(21)				
3110	Common stock		6,356,889	17	6,356,889	18
Capital surplus						
		6(22)				
3200	Capital surplus		3,896,889	11	3,924,357	11
Retained earnings						
		6(23)				
3310	Legal reserve		4,381,896	12	4,125,245	12
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings		8,618,094	23	8,865,838	25
Other equity						
3400	Other equity		617,689	1	384,792	1
31XX	Total equity attributable to owners of the parent		<u>24,297,811</u>	<u>65</u>	<u>24,083,475</u>	<u>68</u>
36XX	Non-controlling interest		<u>55,300</u>	<u>-</u>	<u>85,191</u>	<u>-</u>
3XXX	Total equity		<u>24,353,111</u>	<u>65</u>	<u>24,168,666</u>	<u>68</u>
3X2X	Total liabilities and equity		<u>\$ 37,711,541</u>	<u>100</u>	<u>\$ 35,734,595</u>	<u>100</u>

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	2019		2018	
			Amount	%	Amount	%
4000	Operating revenue	6(24)	\$ 61,781,254	100	\$ 60,923,590	100
5000	Operating costs	6(6)(28)(29)	(52,190,385)	(84)	(50,800,376)	(83)
5900	Gross profit		<u>9,590,869</u>	<u>16</u>	<u>10,123,214</u>	<u>17</u>
	Operating expenses	6(28)(29)				
6100	Selling expenses		(4,280,298)	(7)	(4,339,520)	(7)
6200	General and administrative expenses		(1,814,616)	(3)	(1,649,904)	(3)
6300	Research and development expenses		(2,020,307)	(3)	(1,868,136)	(3)
6450	Expected credit gains	6(28) and 12(2)	(28,415)	-	9,934	-
6000	Total operating expenses		(8,143,636)	(13)	(7,847,626)	(13)
6900	Operating profit		<u>1,447,233</u>	<u>3</u>	<u>2,275,588</u>	<u>4</u>
	Non-operating revenue and expenses					
7010	Other income	6(12)(25)	796,183	1	825,045	1
7020	Other gains and losses	6(26)	56,445	-	(117,450)	-
7050	Finance costs	6(14)(27)	(10,845)	-	(4,229)	-
7060	Share of loss of associates and joint ventures accounted for using the equity method	6(8)	(25,768)	-	(26,183)	-
7000	Total non-operating revenue and expenses		<u>816,015</u>	<u>1</u>	<u>677,183</u>	<u>1</u>
7900	Profit before income tax		2,263,248	4	2,952,771	5
7950	Income tax expense	6(30)	(355,705)	(1)	(456,646)	(1)
8200	Profit for the year		<u>\$ 1,907,543</u>	<u>3</u>	<u>\$ 2,496,125</u>	<u>4</u>

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	2019		2018		
		Amount	%	Amount	%	
Other comprehensive income-net						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Remeasurements of defined benefit plans	6(19)	(\$ 29,084)	-	\$ 17,336	-
8316	Unrealised gain on valuation of investment in equity instruments measured at fair value through other comprehensive income	6(3)	509,446	1	127,094	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	5,817	-	256	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		<u>486,179</u>	<u>1</u>	<u>144,686</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences arising from translation of foreign operations		(276,549)	(1)	(129,559)	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss		<u>(276,549)</u>	<u>(1)</u>	<u>(129,559)</u>	<u>-</u>
8300	Other comprehensive income, net		<u>\$ 209,630</u>	<u>-</u>	<u>\$ 15,127</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 2,117,173</u>	<u>3</u>	<u>\$ 2,511,252</u>	<u>4</u>
Profit attributable to:						
8610	Owners of parent		\$ 1,939,241	3	\$ 2,566,512	4
8620	Non-controlling interest		(31,698)	-	(70,387)	-
	Total		<u>\$ 1,907,543</u>	<u>3</u>	<u>\$ 2,496,125</u>	<u>4</u>
Comprehensive income attributable to:						
8710	Owners of parent		\$ 2,148,871	3	\$ 2,581,642	4
8720	Non-controlling interest		(31,698)	-	(70,390)	-
	Total		<u>\$ 2,117,173</u>	<u>3</u>	<u>\$ 2,511,252</u>	<u>4</u>
9750	Basic earnings per share	6(31)	<u>\$</u>	<u>3.05</u>	<u>\$</u>	<u>4.04</u>
9850	Diluted earnings per share		<u>\$</u>	<u>3.02</u>	<u>\$</u>	<u>3.98</u>

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

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

Notes	Equity attributable to equity holders of the company											
	Retained earnings					Other equity interest						
	Capital stock- Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from translation of foreign operations	Unrealised gain or loss on valuation of financial assets at fair value through other comprehensive income	Unrealised gain (loss) on valuation of available-for-sale financial assets	Total	Non-controlling interest	Total equity	
Year 2018												
Balance at January 1, 2018	\$ 6,356,889	\$ 3,962,314	\$ 3,846,604	\$ 426,354	\$ 9,567,977	(\$ 267,365)	\$ -	\$ 197,128	\$ 24,089,901	\$ 142,423	\$ 24,232,324	
Adjustments under new standards	-	-	-	-	(464,366)	-	654,619	(197,128)	(6,875)	(1,582)	(8,457)	
Adjusted beginning balance	6,356,889	3,962,314	3,846,604	426,354	9,103,611	(267,365)	654,619	-	24,083,026	140,841	24,223,867	
Profit (loss) for the year	-	-	-	-	2,566,512	-	-	-	2,566,512	(70,387)	2,496,125	
Other comprehensive income (loss) for the year	-	-	-	-	17,592	(129,556)	127,094	-	15,130	(3)	15,127	
Total comprehensive income (loss)	-	-	-	-	2,584,104	(129,556)	127,094	-	2,581,642	(70,390)	2,511,252	
Appropriations of 2017 earnings:												
Legal reserve	-	-	278,641	-	(278,641)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(2,542,756)	-	-	-	(2,542,756)	(3,329)	(2,546,085)	
Recognition of share-based payments of subsidiaries	-	1,196	-	-	-	-	-	-	1,196	397	1,593	
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(480)	-	-	-	(480)	-	(480)	
Changes in equity of subsidiaries accounted for using equity method	-	(39,153)	-	-	-	-	-	-	(39,153)	-	(39,153)	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	17,672	17,672	
Balance at December 31, 2018	\$ 6,356,889	\$ 3,924,357	\$ 4,125,245	\$ 426,354	\$ 8,865,838	(\$ 396,921)	\$ 781,713	\$ -	\$ 24,083,475	\$ 85,191	\$ 24,168,666	
Year 2019												
Balance at January 1, 2019	\$ 6,356,889	\$ 3,924,357	\$ 4,125,245	\$ 426,354	\$ 8,865,838	(\$ 396,921)	\$ 781,713	\$ -	\$ 24,083,475	\$ 85,191	\$ 24,168,666	
Profit (loss) for the year	-	-	-	-	1,939,241	-	-	-	1,939,241	(31,698)	1,907,543	
Other comprehensive (loss) income for the year	-	-	-	-	(23,267)	(276,549)	509,446	-	209,630	-	209,630	
Total comprehensive income (loss)	-	-	-	-	1,915,974	(276,549)	509,446	-	2,148,871	(31,698)	2,117,173	
Appropriations of 2018 earnings:												
Legal reserve	-	-	256,651	-	(256,651)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(1,907,067)	-	-	-	(1,907,067)	(1,743)	(1,908,810)	
Changes in equity of subsidiaries accounted for using equity method	-	(27,468)	-	-	-	-	-	-	(27,468)	-	(27,468)	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	3,550	3,550	
Balance at December 31, 2019	\$ 6,356,889	\$ 3,896,889	\$ 4,381,896	\$ 426,354	\$ 8,618,094	(\$ 673,470)	\$ 1,291,159	\$ -	\$ 24,297,811	\$ 55,300	\$ 24,353,111	

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

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

	Notes	2019	2018
Cash flows from operating activities:			
Profit before income tax		\$ 2,263,248	\$ 2,952,771
Adjustments to reconcile profit before income tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(10)(28)	598,733	438,400
Depreciation charge on investment property	6(12)	4,350	5,026
Amortisation	6(28)	102,148	158,118
Profit from lease modification	6(26)	(13)	-
Expected credit loss (gain)	6(28) and 12(2)	28,415	(9,934)
(Gain) loss on valuation of financial assets at fair value through profit or loss	6(2)(26)	(63,616)	36,277
Interest expense	6(27)	10,845	4,229
Interest income	6(25)	(109,497)	(107,387)
Dividends income	6(25)	(135,974)	(58,430)
Share of loss of associates and joint ventures accounted for using equity method	6(8)	25,768	26,183
Gain on disposal of investments accounted for using equity method	6(26)	-	(707)
Loss on disposal of property, plant and equipment	6(26)	6,723	12,103
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		225,420	(12,241)
Notes receivable		51	1,110
Accounts receivable		(832,441)	875,535
Other receivables		(23,223)	105,495
Inventories		174,539	(2,965,921)
Prepayments		75,330	(566,025)
Other current assets		44,630	249,727
Net changes in liabilities relating to operating activities			
Contract liabilities		(88,808)	9,010
Notes payable		46,651	(11,316)
Accounts payable		1,957,958	(3,310,679)
Other payables		98,927	107,452
Provisions for liabilities		123,739	(118,862)
Other current liabilities		(75,127)	39,973
Other non-current liabilities		32,727	46,547
Cash generated from (used in) operations		4,491,503	(2,093,546)
Interest received		108,769	109,144
Dividend received		135,974	58,430
Interest paid		(10,845)	(4,229)
Income tax paid		(839,146)	(404,216)
Net cash generated from (used in) operating activities, net		<u>3,886,255</u>	<u>(2,334,417)</u>

(Continued)

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

	Notes	2019	2018
<u>Cash flows from investing activities:</u>			
Acquisition of financial assets at amortised cost		\$ -	(\$ 656,395)
Proceeds from disposal of financial assets at amoritsed cost		418,198	-
Acquisition of property, plant and equipment	6(33)	(565,650)	(610,408)
Proceeds from disposal of property, plant and equipment		4,520	9,356
Acquisition of intangible assets		(51,164)	(80,421)
Increase in refundable deposits		(3,315)	(3,065)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6(3)	-	9,010
Acquisition of financial assets at fair value through other comprehensive income		-	(599,979)
Increase in other non-current assets		(87,436)	(15,448)
Net cash used in investing activities		(284,847)	(1,947,350)
<u>Cash flows from financing activities:</u>			
Decrease in short-term borrowings	6(34)	(20,634)	(19,967)
Repayments of long-term debt	6(34)	(8,166)	(2,001)
Proceeds from long-term debt		-	15,000
Increase (decrease) in deposits received	6(34)	341	(560)
Cash dividends	6(23)	(1,907,067)	(2,542,756)
Repayments of principal portion of lease liabilities	6(34)	(91,030)	-
Cash dividends paid to non-controlling interest		(1,743)	(3,329)
Changes in non-controlling interest		3,550	38,737
Net cash used in financing activities		(2,024,749)	(2,514,876)
Effect of exchange rate changes on cash and cash equivalents		(279,721)	(44,048)
Net increase (decrease) in cash and cash equivalents		1,296,938	(6,840,691)
Cash and cash equivalents at beginning of year		8,610,907	15,451,598
Cash and cash equivalents at end of year		\$ 9,907,845	\$ 8,610,907

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

Appendix 4

GIGABYTE™		GIGA-BYTE TECHNOLOGY CO., LTD.			
Document title	Articles of Incorporation		Ref. No.	—	
Establishing date	2019.06.12	Version	27.0	Page	7 — 1
Established by (unit/staff)	Board of Directors		Doc. Level	General	

Chapter I General Provisions

- Article 1 This Company is incorporated as a company limited by shares in accordance with the Company Act and other applicable laws of the Republic of China in the name of 技嘉科技股份有限公司 in Chinese or Gigabyte Technology Co., Ltd. in English.
- Article 2 This Company shall conduct business in the following areas:
- (1) CC01110 Office Machines Manufacturing
 - (2) I301010 Software Publication
 - (3) F113010 Wholesale of Other Machinery and Equipment
 - (4) CC01080 Electronic Parts and Components Manufacturing
 - (5) CH01040 Toys Manufacturing
 - (6) CC01070 Telecommunication Equipment and Apparatus Manufacturing
 - (7) CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
 - (8) F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
 - (9) F118010 Wholesale of Computer Software
 - (10) F113050 Wholesale of Computing and Business Machinery Equipment
 - (11) F113070 Wholesale of Telecom Instruments
 - (12) F213060 Retail Sale of Telecom Instruments
 - (13) I301030 Digital Information Supply Services
 - (14) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Corporation may provide endorsement and guarantee and act as a guarantor for business purpose in accordance with the rules and regulations of securities competent authorities.
- Article 2-2 The total amount of the Company's re-investments shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital.
- Article 3 This Company headquarters in New Taipei City, Republic of China. With the resolution made by the Board of Directors, the Company may establish branches inside and outside of the territory of the Republic of China.
- Article 4 (Deleted).

Chapter II Shares

- Article 5 The total authorized capital of the Company is New Taiwan Dollar Nine Point Five Billion (NTD9.5 billion) divided into nine hundred and fifty million (950,000,000) shares with a par value at New Taiwan Dollar Ten (NTD10) each. The Board of Directors is authorized to issue such shares in a series of issuance. A total of 50,000,000 shares among the above total capital stock should be reserved for issuing employee stock options, preferred shares with warrants, or bonds with warrants for exercising warrants.
- Article 6 The Corporation may issue shares without printing share certificate(s), provided that registration is made to centralized securities depository enterprises.

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Article 7 Unless otherwise specified other laws and regulations, the Company shall handle shareholder services in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by securities competent authorities.

Article 8 (Deleted)

Article 9 Registration for transfer of shares shall be suspended sixty (60) days prior to the date of the annual meeting of shareholders, thirty (30) days prior to the date of a provisional meeting of shareholders, or within five (5) days prior to the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter III Meetings of Shareholders

Article 10 Meetings of shareholders include the annual meeting of shareholders and the provisional meeting of shareholders. The Board of Directors according to the law shall convene the former once a year within six (6) months after the end of each accounting year and the latter shall be convened according to the law where necessary.

Article 11 Unless otherwise specified by other laws and regulations, written notices shall be sent to all shareholders at least thirty (30) days prior to the annual meeting of shareholders and at least fifteen (15) days prior to the provisional meeting of shareholders. With the consent of respondents, the notice of shareholders' meetings shall be delivered by e-mail.

Article 12 Shareholders holding more than three percent (3%) of the total amount of issued shares for more than one (1) year may make proposals and specify the explanation in writing to request the Board of Directors to convene a provisional meeting of shareholders. The Board of Directors shall issue the notice of provisional meeting of shareholders within fifteen (15) days after the request is made.

Article 13 The chairman of the Company shall host the meetings of shareholders. In the absence of the chairman, the vice chairman shall host the meetings of shareholders. In the absence of both the chairman and vice chairman, the chairman may assign a director to host such meetings. Where the chairman assigns no agent, directors should elect a director to host the meetings.

Article 14 Where a shareholder is unable to attend a meeting, he/she may appoint a proxy to represent him/her and specify the scope authorization in the proxy issued by the Company. The use of proxies shall be subject to the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by securities competent authorities.

Article 15 Unless otherwise specified by other laws and regulations, each shareholder of the Company is entitled to one vote.

Article 16 Unless otherwise specified by other laws and regulations, a meeting of shareholders shall be held with the attendance of shareholders representing at least half of total amount of issued shares, and resolutions of the meetings of shareholders shall be made with the approval of over 50% vote of shareholders attending the meeting.

Article 16-1 Shareholders of the Company shall make resolutions on the following:

- (1) Amendment of this "Articles of Incorporation".
- (2) Election and dismissal of directors.

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- (3) Granting permission for a director to do anything for himself or on behalf of another person within the scope of business of the Company.
- (4) Entering into, amending, or terminating any contracts for the lease of the Company's business in whole, or for entrusted business, or for regular joint operations with others.
- (5) Transfer of whole of or any essential part of the Company's business or assets.
- (6) Acceptance of transfer of whole of the business or assets of others that may bring significant influence to the Company's operations.
- (7) Other affairs required for the resolution of the meeting of shareholders according to other applicable laws and regulations.

Article 16-2 When issuing certificates of employee stock operations at a price lower than the closing price of the Company's common shares on the date of issue, this shall be approved by at least two-third of votes at a meeting of shareholders attended by shareholders representing at least more than half of total amount issued shares of the Company prior to issue.

Article 16-3 This Company may buy back shares of the Company and transfer them to employees at an average price lower than the actual buyback price. This shall be approved by at least two-third of votes at a meeting of shareholders attended by shareholders representing at least more than half of total amount issued shares of the Company prior to transfer.

Article 17 This Company shall have five to nine (7-11) authorized directors elected from by the meeting of shareholders among competent shareholders. The term of each role shall be three (3) years, and each role is eligible for a second term.

At least three of these directors shall be independent directors and the number of seats shall at least be one fifth of the board.

The ratio of shares held by all directors shall be subject to the regulations promulgated by securities competent authorities.

In a director election, each share has the same voting rights equal to the number of directors to be elected, and a shareholder may cast all his/her voting rights to one candidate or among several candidates (not more than the total number of candidates in the same election), and candidates receiving more voting rights shall be elected as directors.

Independent directors and non-independent directors shall be elected at the same election, with number of seats calculated separately.

Independent directors shall exercise their authority and follow codes according to relevant regulations promulgated by securities competent authorities.

Article 17-1 This Company adopts the nomination scheme for director elections in Article 192-1 of the Company Act. Accepting way and announcement of the nomination of candidates for directors and other related matters shall be handled in accordance with the provisions of the relevant laws of the Company Act and the Securities and Exchange Act.

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- Article 17-2 The Board of Directors of the Company may establish various functional committees according to relevant laws and regulations or based on business needs.
This Company forms the Audit Committee with all independent directors in accordance with Article 14-4 of the Securities and Exchange Act. Committee members of the committee shall exercise the duties and authority of a supervisor specified in the Company Act, Securities and Exchange Act, and relevant laws and regulations.
- Article 18 Directors shall elect from among themselves a chairman and a vice chairman of the Board of Directors by at least half of directors at a board meeting attended at least two-third of all directors. The chairman represents the Company externally and administers corporate business internally. The vice chairman shall assist the chairman on carrying out his/her duties.
- Article 19 The Board of Directors shall hold at least one board meeting each quarter. Provisional board meetings shall be held where necessary. Except for the first board meeting of every term of the newly established Board of Directors, which shall be convened by the director with the majority votes in the election, board meetings shall be convened and chaired by the chairman of the board. In the absence of the chairman, the vice chairman shall take his/her place at the board meeting. In the absence of both the chairman and vice chairman, the chairman may assign a director to take his/her place at the board meeting. Where the chairman assigns no agent, directors should elect a director to host the meetings. A board meeting notice may be delivered by fax or by e-mail.
- Article 20 Unless otherwise specified by the law or the resolutions that shall be made by the meeting of shareholders in this “Articles of Incorporation”, business of the Company shall be executive according to the resolution made by the Board of Directors.
- Article 21 Unless otherwise specified in the Company Act, a board resolution shall be approved by at least half of all directors and half of directors attending the board meeting.
- Article 22 A director may authorize another director to represent him/her at a board meeting by written authorization. Such authorization may include exercising the voting rights of the assignor for all proposals discussed at the board meeting. Each director shall only represent one other director at a board meeting.
- Article 23 (Deleted).
- Article 23-1 (Deleted).
- Article 24 (Deleted).
- Article 24-1 (Deleted).
- Article 25 The board in accordance with Article 28 of this “Articles of Incorporation” shall determine the remuneration for the directors of the Company. The Board of Directors is authorized to determine through discussions the travel expenses and meeting attendance fee of directors according to the general standard of the same industry. This Company may arrange liability insurance for the scope of business executed by directors during their term.

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Chapter V Managerial Officers

Article 26 This Company shall have one president and several vice presidents. Each business unit shall have a unit president and several vice presidents. Their appointment, dismissal, and remuneration shall be approved by at least half of all directors at a board meeting attended by at least half of all directors. These managerial officers shall execute routine business operations and management of the Company in accordance with the internal codes of the Company and the resolutions made by the meeting of shareholders and the Board of Directors. They are authorized to sign documents for and on behalf of the Company within their authority.

Chapter VI Accounting

Article 27: The accounting year of the Company begins from January 1 and ends on December 31 of each year. After the end of each accounting year, the board shall prepare the following reports and statements and submit them meeting of shareholders for recognition:

1. business report;
2. financial statements; and
3. proposal for profit allocation or action to deal with losses and relevant reports and statements.

Article 28: Dividend Policy

If there is a profit after the annual closing of books, the Company shall appropriate 3-10% as compensations 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 compensations for employees described above shall be distributed in either stock or cash, and the remuneration for directors shall be distributed in cash. Compensations shall be approved by over half of the directors at a board meeting attended by two-third of the board members. In addition, the compensations for employees and directors shall be reported to the meeting of shareholders.

Employees receiving the compensations for employees distributed in stock or cash shall include employees of affiliates meeting relevant requirements. The Board of Directors shall determine the definition of affiliates, distribution requirements, and distribution methods.

This Company is in a highly competitive industry with a changeful environment, and the business life cycle has become mature. In consideration of the need for operating funds in the future and long-term financial planning, and to fulfill the demand for cash in-flow of shareholders, if there is a profit after the annual closing of books, the Company shall appropriate, the Company shall distribute the profit according to the following orders:

1. Cover the losses of previous years and pay the profit-seeking enterprise annual income tax.
2. Appropriate 10% to the legal reserve (except when the amount of legal reserve has reached the total authorized capital of the Company).
3. Appropriate or revert to special reserves according to the laws and regulations or the rules of competent authorities.

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4. After deducting the amount calculated under Item 1 to Item 3, together with 5% to 80% of the accumulated undistributed surplus of the previous year, the Board shall, at the time of issue of the issuance of new shares, call upon the shareholders' meeting to authorize the Board to delegate to more than two-thirds directors and to attend the resolutions of more than half of the directors in accordance with the provisions of the Company Act, and shall assign dividends and dividends or all or part of the statutory surplus reserve and capital public funds provided for in Paragraph I of Article 241 of the Company Act, for the payment of cash, and report to the shareholders' meeting. However, the ratio for distribution of this profit and the ratio of cash dividends should be adjusted with the resolution of the meeting of shareholders according to the actual profit and fund condition of that year. The ratio of cash dividends for shareholders shall not be less than 5% of the total shareholder dividend. In addition, cash dividends less than NT\$0.1 per share will only be distributed through stock dividends.

Article 28-1 When making the profit distribution proposal, the Board of Directors shall consider the general bonus standard in relevant industries and adopt the dividend equalization policy to distribute bonus on a healthy and steady principle. When distributing bonus in new share or cash with the legal reserve or capital reserve, the Board of Directors shall coordinate with the status of stock dividend from retained earnings and dividend equalization policy and implement in accordance with relevant laws and regulations.

Chapter VII Supplemental Provisions

Article 29 The regulations governing the internal organization of the Company shall be established independently.

Article 30 Matters not addressed by this “Articles of Incorporation” shall be governed by the Company Act and other applicable laws.

Article 31 This “Articles of Incorporation” was established on March 24, 1986.

1st amendment was made on September 1, 1986.

2nd amendment was made on August 30, 1988.

3rd amendment was made on March 20, 1989.

4th amendment was made on June 3, 1991.

5th amendment was made on July 2, 1995.

6th amendment was made on May 15, 1996.

7th amendment was made on January 27, 1997.

8th amendment was made on April 19, 1997.

9th amendment was made on March 25, 1998.

10th amendment was made on May 4, 2000.

11th amendment was made on May 11, 2001.

12th amendment was made on May 23, 2002.

13th amendment was made on June 17, 2003.

14th amendment was made on June 9, 2004.

15th amendment was made on June 9, 2005.

16th amendment was made on April 12, 2006.

17th amendment was made on June 13, 2008.

18th amendment was made on June 16, 2009.

19th amendment was made on June 17, 2010.

20th amendment was made on June 15, 2011.

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- 21st amendment was made on June 18, 2012.
- 22nd amendment was made on June 11, 2014.
- 23rd amendment was made on June 17, 2015.
- 24th amendment was made on June 15, 2016.
- 25th amendment was made on June 11, 2018.
- 26th amendment was made on June 12, 2019.

Appendix 5

GIGABYTE™		GIGA-BYTE TECHNOLOGY CO., LTD.	
Document title	Rules of Procedure for Meetings of Shareholders		Ref. No. GF31 —
Establishing date	2015.6.17	Version	8.0
Established by (unit/staff)	Operation Center, Financial and Accounting HQ		Page 7— 1 Doc. Level General

1. To establish a strong governance system and optimize supervisory functions of the meeting of shareholders and to strengthen management functions, the Company establishes these Rules in accordance with Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
2. The rules of procedures for the meetings of shareholders of the Company shall comply with these Rules, unless otherwise specified in other laws and regulations.
3. Unless otherwise specified in other laws and regulations, meetings of shareholders of the Company shall be convened by the Board of Directors.

This Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

The election or discharge of directors or supervisors, amendments to the articles of incorporation, dissolution, merger, or demerger of the Company, or any matter under Article 185 paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

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Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

4. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

5. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
6. This Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend meetings of shareholders based on attendance cards, sign-in cards, or other certificates of attendance. This Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

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When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

7. If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that meetings of shareholders convened by the Board of Directors be chaired by the chairman of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

8. This Company shall videotape or audiotape the whole process of the meeting of shareholders and retain relevant copies for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

9. Attendance at meetings of shareholders shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

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When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

10. If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

12. Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of meetings of shareholders, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

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The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

13. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting. When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

14. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

15. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

Where shareholders express no objection to the resolution method described above when enquired by the chairman, this shall be noted as “unanimous approval of all attending shareholders when enquired by the chairman”. Where shareholders express an objection, the voting method and the number of passing votes and their proportion shall be specified.

16. On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Company (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

17. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

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The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

18. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

19. These Rules, and any amendments hereto, shall be implemented after adoption by meetings of shareholders.

Appendix 6

GIGA-BYTE TECHNOLOGY CO., LTD.

Shareholding Status by Directors

1. The amount of paid-in capital of the Company is NT\$6,356,888,860, and the number of issued shares is 635,688,886.
2. Referring to Article 26 of the Securities and Exchange Act, the minimum amount of shares held by all directors shall be 20,342,044 shares.
3. Shares held by individual and all directors registered in the list of shareholders by the date of stock transfer suspension for the present meeting of shareholders are tabulated below. This number complies with the minimum requirement specified in Article 26 of the Securities and Exchange Act.

2020/04/14

Title	Name	Shares held	Remarks
Chairman	Pei-Cheng Yeh	30,151,237	
Vice Chairman	Ming Wei Investments Co., Ltd. Represented by: Ming-Hsiung Liu	14,062,200	
Director	Shija Investments Co., Ltd. Represented by: Mou-Ming Ma	3,959,725	
Director	Yue Ye Development & Investments Co., Ltd. Represented by: Chun-ming Tseng	2,192,200	
Director	Shida Investments Co., Ltd. Represented by: Cong-Yuan Ko	9,408,000	
	Xi Wei Investment Co., Ltd. Represented by: E-Tay Li	9,063,075	
Independent Director	Hwei-Min Wang	-	
Independent Director	Yi-Hong Chan	-	
Independent Director	Wen-Lie Huang	-	
Total of all directors		68,836,437	

Other Matters

Report on handing proposals made by shareholders for the present annual meeting of shareholders.

Description

1. According to Article 172-1 of the Company Act, shareholders holding more than one percent (1%) of the total amount of issued shares may make one written proposal of not more than 300 words at the annual meeting of shareholders.
2. This Company accepts proposals made by shareholders for the present annual meeting of shareholders during March 30-April 9, 2020. All proposals have been published on the Market Observation Post System (MOPS) according to the law.
3. No shareholder proposal was received this year.