

Stock code: 2347

# **Synnex Technology International Corporation**

## **2019 General Shareholders' Meeting Handbook**

**The original of this handbook is written in Chinese language. If there is any discrepancy between the Chinese version and this English translation, the Chinese version shall prevail.**

**June 6, 2019**

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# **Synnex Technology International Corporation 2019 General Meeting Meeting Agenda**

- I. Time: 9:00am, June 6, 2019 (Thursday)**
- II. Location: Auditorium, 3F, Central Pictures Ba-De Building, No. 260, Section 2, Ba-De Road, Taipei City**
- III. Announcement to Start Meeting**
- IV. Chairman Address**
- V. Reports**
  - (I) Report on 2018 business conditions**
  - (II) Audit Committee's report on audit of 2018 closing statements**
  - (III) Report on 2018 profit distributable as employee's compensation and director's compensation**
- VI. Approvals**
  - (I) Approval of 2018 closing statements**
  - (II) Approval of 2018 profit distribution proposal**
- VII. Discussions**
  - (I) Discussion for amending certain provisions of Articles of Articles.**
  - (II) Discussion for amending certain provisions of Procedures for the Acquisition and Disposal of Assets.**
  - (III) Discussion for amending certain provisions of Procedure for Derivatives Trading**
- VIII. Motions**
- IX. Adjournment**

## **Report Items**

### **No. 1**

**Subject:** The Company's 2018 business report is submitted for review.

**Description:** Please refer to Attachment 1. (See Page 8-10 for details)

### **No. 2**

**Subject:** The Audit Committee's report on the audit on the Company's 2018 closing statements is submitted for review.

**Description:** Please refer to Attachment 2 and 3. (See Page 11-40 for details)

### **No. 3**

**Subject:** The Report on 2018 profit distributable as employee's compensation and director's compensation is submitted for review.

**Description:** (I) In accordance with Article 38 of the Articles of Association, the Company shall provide the balance, no more than 10% and no less than 0.01% as employee's compensation and no more than 1% as director's compensation, after its losses have been covered by Income before tax without employee's compensation and director's compensation being taken off in the current year.

(II) It is proposed to issue 0.01% employee's compensation totaling NT\$700,000 and 0.11% director's compensation totaling NT\$7,000,000 in 2018, all of which to be issued in cash.

## Approvals

No. 1

(Proposed by Board of Directors)

**Subject:** The Company's 2018 business report and financial statements are submitted for approval.

**Description:** (I) The Company's 2018 business report and financial statements have been approved by board resolution and submitted to the Audit Committee for audit. Please refer to Attachments 1 and 3 hereto for relevant information. (See page 8-10 of Attachment 1 and page 12-40 of Attachment 3 for details)  
(II) Please approve.

**Resolution:**

No. 2

(Proposed by Board of Directors)

**Subject:** The Company's 2018 profit distribution proposal is submitted for approval.

**Description:** (I) The Company realized after-tax profit of NT\$6,607,404,537 in 2018. The profit distribution table is provided below. Cash dividend for this year will be distributed with the minimum unit of N\$1 (digits after the decimal point to be ignored). The total number of fractional amounts will be included as the Company's other income. In this year's profit distribution, profit realized in 2018 will first be distributed. Any shortfall will then be distributed out of the undistributed profit after 1998.

### 2018 Profit Distribution Table

Unit: NT\$

(I) Carry-forward of undistributed profit from previous period	\$ 2,942,964,819
Plus: Adjustment for 2018 reserved earnings	335,819,041
Undistributed profit after adjustment	3,278,783,860
(II) Plus: Net profit after tax in current period	6,607,404,537
Minus: Provision of legal reserve	(660,740,454)
Minus: Special reserve	(1,356,458,439)
Balance distributable for current year	4,590,205,644
Distributable profit in this period	7,868,989,504
(III) Distribution in this period	

Shareholder dividend in cash (\$2 per share)	(3,335,893,936)
Total amount of distribution	(3,335,893,936)
(IV) Undistributed profit carried over to following year	\$ 4,533,095,568

- (II) Before the record date for cash dividend distribution, if the Company's number of outstanding shares is affected by any capital increase, any share buy-back or any transfer, conversion or cancellation of treasury shares, employee stock options, corporate bonds or shareholding waiver by any shareholder, and if the shareholders dividend distribution ratio is changed accordingly, the Board of Directors is authorized to make necessary adjustments and has the full discretion to handle relevant matters.
- (III) Please approve.

**Resolution:**

## **Discussion Matters**

### **Proposal 1**

**(by Board of Directors)**

**Subject:** Proposed amendment to certain clauses of the Articles of Association of the Company are submitted for approval.

**Illustration:** (1) Proposed amendment to certain clauses of the Articles of Association of the Company are prepared in accordance with legislations and the actual requirements of the Company. For Comparison Table of Amended Clauses, please refer to Attachment 4 to this Handbook (page 41 to 43)  
(2) Submission for approval.

**Resolution:**

### **Proposal 2**

**(by Board of Directors)**

**Subject:** Proposed amendment to certain clauses of the Procedure for Acquisition or Disposal of Assets of the Company are submitted for approval.

**Illustration:** (1) Proposed amendment to certain clauses of the Procedure for Acquisition or Disposal of Assets of the Company are prepared in accordance with the letter from the Financial Supervisory Commission Jing-Guang-Zheng-Fa-Zi No. 1070341072 dated 26 November 2018. For Comparison Table of Amended Clauses, please refer to Attachment 5 to this Handbook (page 44 to 58)  
(2) Submission for approval.

**Resolution:**

### **Proposal 3**

**(by Board of Directors)**

**Subject:** Proposed amendment to certain clauses of the Procedure for Derivatives Trading of the Company are submitted for approval.

**Illustration:** (1) Proposed amendment to certain clauses of the Procedure for Derivatives Trading of the Company are prepared in accordance with the letter from the Financial Supervisory Commission Jing-Guang-Zheng-Fa-Zi No. 1070341072 dated 26 November 2018. For Comparison Table of Amended Clauses, please refer to Attachment 6 to this Handbook (page 59)  
(2) Submission for approval.

**Resolution:**

**Motions**

**Adjournment**

# Attachment 1

## Business Report

The year 2018 is the 30th anniversary of Synnex. In the past 30 years, the annual revenue of Synnex has increased from NTD 3 billion to NTD383.2 billion, and the annual profit has increased from NTD 70 million to a maximum of NTD 7.2 billion (2011). At the same time, it has won the Benchmark Enterprise Award for 12 consecutive years and won the International Brand Award for 16 consecutive years. Synnex's management experience has been selected as the MBA teaching plan in a well-known international business school.

Over 30 years, the industry has undergone tremendous changes and faced with challenges from inside and outside. However, Synnex has taken a deep root and adopted the strategy of diversified management of core businesses. It continued to expand the product management field from components, information and communication to consumer electronics, like a non-stop horse running from Taiwan to the world.

At the same time of actively deploying the global channel, a solid logistics operation mechanism is required to maintain steady growth and avoid confusion. To this end, Synnex has set up a group operation management structure. Since 2005, it has gradually established seven quality control offices, including finance, marketing, operation, risk, personnel, business and technical services, at the headquarters of the group, to be responsible for the operation function policy system planning and operational quality control. In addition, Synnex has also integrated five major centers, namely, software R&D, communication network, financial control, group accounting, and property operations, to build the Group's infrastructure. The seven quality control offices combined with five major operation centers have formed the central nervous system of group operation management.

In the past 30 years, Synnex has successfully built the largest channel map in the Asia-Pacific region and the third largest in the world. This is the common glory of all shareholders, Synnex management team and all employees. Here, we'd like to sincerely thank all the shareholders for their long-term support and hope that they could continue to encourage us in the future!

The important business results of 2018 are described as follows:

1. Revenue and profitability

In 2018, the consolidated revenue of Synnex was NTD383.2 billion, a growth of 5.2%

compared with NTD 364.2 billion in 2017. The after-tax net profit was NTD 6.61 billion, up 8.2% from NTD 6.11 billion in 2017. The annual after-tax profit per share was NTD 3.96, 7.9% high than NTD3.67 in 2017.

## 2. Specific operational results

- (1) The operation scale of Synnex global channel business (including joint venture channel business) reached NTD 1,240 billion and continues to expand scale economies.
- (2) Combined upstream and downstream manufacturers to integrate the construction of the Internet of Things industry ecosystem, and smoothly launched the IoT-related business.
- (3) All the business units started the cloud service business in an all-round way, completed the operational mechanism, and the operation scale took shape.
- (4) Successfully entered the e-sports market, set up a complete product line, and established another new business with an annual business scale of NTD 10 billion.
- (5) Centered on the concept of smart living, products such as UAV, sweepers, window cleaners, etc. were introduced, and the expansion of consumer electronics products accelerated.
- (6) The group's technical service resource integration and operation management structure establishment was completed, laying a solid foundation for the accelerated growth of the technology service business.
- (7) Established “AI Intelligent Lab” and actively developed the artificial intelligence decision-making management mechanism, which has been successfully applied to the management of goods flow management and accounts receivable risk management.

The important production and marketing policies in 2019 are described as follows:

1. Expand the operation of the e-sports market, the smart living market, the Internet of Things business, the cloud service business, the technical service business, and the intelligent operation business, and create new momentum for the growth of the Group's business.
2. Accelerate R&D, introduce AI artificial intelligence, and expand the application to the company's internal operations management.
3. Fully promote the group's internal lean operation plan, reduce losses and strengthen risk control.

4. Continuously invest in R&D and innovation of operational mechanism and management technology to cultivate the company's core competence.

We'd like to express our heartfelt gratitude to the shareholders for their support and encouragement in the past. We also hope that in this year, they will continue to offer guidance and support. The management team of the company will adhere to the past business philosophy and new ideas, and present the fruitful results to all of you.

Best wishes

Chairman: Miao, Feng-Chiang

General Manager: Tu, Shu-Wu

Accounting Supervisor: Chang, Wen-Ying

## **Attachment 2**

### **Audit Committee's Review Report**

**The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and proposal for allocation of profits.**

**The CPA firm of PwC was retained to audit SYNEX's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profits allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Synnex Technology International Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.**

**Synnex Technology International Corporation**

**Chairman of the Audit Committee: Way, Yung-Do**

**March 13, 2019**

# Attachment 3

## Report of Independent Accountant Translated From Chinese

PWCR18000337

To the Board of Directors and Stockholders of Synnex Technology International Corporation

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Synnex Technology International Corporation and subsidiaries (the “Group”) as at December 31, 2018 and 2017, 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 audit and the reports of other independent accountants (see information disclosed in the *Other Matter - Scope of the Audit* 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

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

## ***Key audit matters***

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

Key audit matters for the group's consolidated financial statements stated as follows:

### ***Key audit matter – Assessment of allowance for uncollectible accounts***

#### Description

Please refer to Note 4(10) & (11), for accounting policies adopted for accounts receivable. Please refer to Note 5(2), for critical accounting estimates and key sources of assumption uncertainty of loss allowance for accounts receivable. Please refer to Note 6(4) for details of accounts receivable.

The Group is primarily engaged in the sale of communication products, consumer electronic products, electronic products and components. The Group manages the collection of accounts receivable from customers and bears the associated credit risk. The Group assesses impairment of accounts receivable in accordance with IFRS 9, 'Financial instruments'. The management categorized the accounts receivable assessment into individual provision and group provision. For individually assessed accounts receivable, loss allowance is recognised on a case by case basis. The assessment process is affected by management's judgement on various factors: customers' financial conditions, internal credit ratings, historical transaction records, current economic conditions, etc. For group assessed accounts receivable, assessment process is affected by management's judgement on historical uncollectible records, and current economic conditions and the forecastability information to assess the default possibility of uncollectible accounts. As management's judgement on determining allowance for uncollectible accounts is relatively subjective and the estimated amount is material to the financial statements, therefore, we indicated that the assessment of allowance for uncollectible accounts as one of the key audit matters.

### How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. The credit quality of the Group's customers, assessed the reasonableness of classification of accounts receivable, the policies and the procedures applied in loss allowance provision.
2. For individually assessed accounts, selected and verified samples of managements' impairment evaluation. Discussed with management the assessment results and evaluated the adequacy of the provision.
3. For accounts assessed as a group, considered historical uncollectible records and the management's forecastability adjustment information to determine whether the provision ratio of allowance for uncollectible accounts is reasonable. For significant accounts, examined subsequent collections after balance sheet date.

### ***Key audit matter – Assessment of allowance for valuation of inventory***

Please refer to Note 4(14) for description of accounting policies on allowance for inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty. Please refer to Note 6(7) for details of inventory items.

For the purpose of meeting diverse customer needs, the Group applied multi-brands and multi-product strategy. Due to the short life cycle of electronic products and the price is highly affected by market fluctuation, there is a high risk of incurring inventory valuation losses. The Group's inventory policy on inventory valuation is based on the lower of cost or net realisable value. For inventory that was checked item by item for net realisable value, the Group then applied the lower of cost or net realisable value method for recognizing loss on decline in market value.

Considering that the Group's allowance for inventory valuation losses are mainly caused by loss on decline in market value, the valuation involves subjective judgement and since the amount is material to the financial statements, therefore, we indicated the estimates of the allowance for inventory valuation as one of the key audit matters for this fiscal year.

### How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtained the Group's policy applied to the assessment of allowance for valuation of inventory loss. Assessed whether the allowance recognition policy is applied in a manner consistent between comparative and current periods of the financial statements.
2. Obtained net realisable value report for inventory items and verified that a consistent systematic logic was applied to the calculation. First, tested the assumptions such as: sources of sales or purchases data and relevant supporting estimation documents. Second, recalculated net realisable value item by item, then applied the lower of cost or net realizable value method for valuation

and whether reasonable allowance was recognised.

3. Compared current and previous year's allowance for valuation of inventory loss. Reviewed each period's days sales of inventory in order to assess the adequacy and reasonableness of allowance recognised.

### ***Key audit matter – Assessment of purchase rebate***

#### Description

Please refer to Note 4(14) for accounting policies adopted for the recognition of purchase rebate. Please refer to Note 5(2) for critical accounting estimates and assumptions applied in the accounting policy for the recognition of purchase rebate.

The Group engages in various purchase contracts for different items with different suppliers. There are various types of rebate programs including incentives for certain purchase volume from vendors, purchase discounts and allowances, participations in special purchase promotions, and subsidies for marketing. The Group estimates rebates that shall be recognised in accordance with the percentage of achievement of the rebate contract terms. There are various types of rebate programs, complicated calculations and transactions with different suppliers as well as the manual process involved in the verification and calculation of rebates. All of these aforementioned factors adds to the complexity of assessing purchasing rebate. Thus, we indicated that the assessment of purchase rebate as one of the key audit matters for this fiscal year.

### How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtained an understanding and tested the effectiveness of internal control over the estimation of purchase rebate. Tested the appropriate controls over contractual terms regarding rebates. Checked whether the recognition and drawing of rebate amount has been approved by the proper authority.
2. Selected samples of details of purchase rebate estimation, reviewed the inventory items and checked its supporting documents in order to assess the reasonableness of estimation.
3. First, sampled details of purchase rebate estimation without notice from suppliers that has been recognised as of the balance sheet date. Second, after the balance sheet date, selected samples that has received debit note or other supporting documents from suppliers to check whether actual rebate approximated the estimation. In addition, after balance sheet date, checked whether there was significant new rebates that should be recognised as of the balance sheet date.
4. For significant outstanding rebate receivable accounts, we sampled accounts and checked the existence of original vouchers or supporting documents or tested subsequent collections after the balance sheet date.

### ***Other matters – Scope of the Audit***

We did not audit the financial statements of certain consolidated subsidiaries. The financial statements of these subsidiaries were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts and the information disclosed in Note 13 included in these financial statements, is based solely on the reports of the other independent accountants. The subsidiaries held assets of \$1,113,086 thousand and \$1,353,876 thousand, constituting 1% and 1% of the total consolidated assets as of December 31, 2018 and 2017, respectively, and generated net operating income of \$0, constituting 0% of the total consolidated net operating income for both the years then ended. Furthermore, information disclosed in Note 6(10) relative to investments accounted for under equity method and information on certain investees disclosed in Note 13 for the years ended December 31, 2018 and 2017 is based solely on the reports of the other independent accountants. Additionally, for certain investees financial reports that were prepared under different accounting standards, we have performed required additional auditing procedures and adjusted these reports in conformity with “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission. The related investment income before adjustments (including share of profit or loss of associates accounted for using equity method) was \$1,843,352 thousand and \$1,755,032 thousand for the years ended December 31, 2018 and 2017, respectively, constituting 27% and 27% of the consolidated total net operating income for the years then ended, respectively. The comprehensive income recognised for these investments accounted for using equity method was \$2,034,333 thousand

and \$1,672,262 thousand, constituting 35% and 39% of consolidated total comprehensive income for the years ended December 31, 2018 and 2017, respectively. The balance of related long-term equity investments amounted to \$14,422,245 thousand and \$12,963,234 thousand, constituting 10% and 9% of the total consolidated assets as of December 31, 2018 and 2017, respectively.

***Other matter – Parent Company only financial reports***

We have audited and expressed an unmodified opinion with other matter paragraphs on the parent company only financial statements of Synnex Technology International Corporation as at and for the years ended December 31, 2018 and 2017.

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

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

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

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

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Yeh, Tsui Miao

Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2019

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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.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
 DECEMBER 31, 2018 AND 2017  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 5,674,663	4	\$ 5,714,960	4
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	738,004	-	609,254	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,023,708	1	-	-
1125	Available-for-sale financial assets - current	12(4)	-	-	1,351,569	1
1150	Notes receivable, net	6(4) and 12(4)	8,764,666	6	7,813,861	6
1160	Notes receivable - related parties	7(2)	-	-	8,813	-
1170	Accounts receivable, net	6(4), 8 and 12(4)	48,600,958	33	48,195,050	35
1180	Accounts receivable - related parties	7(2)	340,215	-	224,600	-
1200	Other receivables	6(6)	7,054,731	5	7,228,657	5
1210	Other receivables - related parties	7(2)	312	-	210	-
1220	Current income tax assets		5,159	-	34,053	-
130X	Inventory	6(7) and 8	40,799,936	28	36,259,016	26
1410	Prepayments		4,619,648	3	3,143,821	2
1470	Other current assets	8	60,601	-	76,719	-
11XX	<b>Current Assets</b>		<u>117,682,601</u>	<u>80</u>	<u>110,660,583</u>	<u>80</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	1,561,538	1	-	-
1523	Available-for-sale financial assets - noncurrent	12(4)	-	-	48,861	-
1543	Financial assets carried at cost - noncurrent	12(4)	-	-	1,721,020	1
1550	Investments accounted for under equity method	6(8)	14,489,928	10	13,031,738	9
1600	Property, plant and equipment	6(9)	6,919,339	5	6,857,063	5
1760	Investment property - net	6(10)	1,172,414	1	1,247,092	1
1780	Intangible assets	6(11)	632,183	-	641,440	-
1840	Deferred income tax assets	6(28)	1,227,640	1	823,130	1
1900	Other non-current assets	6(4)(12), 8 and 12(4)	3,832,726	2	3,770,341	3
15XX	<b>Non-current assets</b>		<u>29,835,768</u>	<u>20</u>	<u>28,140,685</u>	<u>20</u>
1XXX	<b>Total assets</b>		<u>\$ 147,518,369</u>	<u>100</u>	<u>\$ 138,801,268</u>	<u>100</u>

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
 DECEMBER 31, 2018 AND 2017  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(13)	\$ 40,776,119	28	\$ 36,080,920	26
2110	Short-term notes and bills payable	6(14)	7,690,000	5	8,580,000	6
2120	Financial liabilities at fair value through profit or loss - current	6(2) and 12(4)	2,417	-	645	-
2150	Notes payable		1,758,453	1	3,268,210	3
2160	Notes payable - related parties	7(2)	-	-	97	-
2170	Accounts payable		37,527,280	26	34,553,760	25
2180	Accounts payable - related parties	7(2)	12,455	-	20,745	-
2200	Other payables	6(15)	5,814,717	4	7,288,832	5
2220	Other payables - related parties	7(2)	181	-	3,440	-
2230	Current income tax liabilities		1,658,242	1	1,230,772	1
2300	Other current liabilities	6(16)	2,120,420	1	318,552	-
21XX	<b>Current Liabilities</b>		<u>97,360,284</u>	<u>66</u>	<u>91,345,973</u>	<u>66</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(28)	245,456	-	164,299	-
2600	Other non-current liabilities		552,729	1	529,166	-
25XX	<b>Non-current liabilities</b>		<u>798,185</u>	<u>1</u>	<u>693,465</u>	<u>-</u>
2XXX	<b>Total Liabilities</b>		<u>98,158,469</u>	<u>67</u>	<u>92,039,438</u>	<u>66</u>
<b>Equity attributable to owners of parent</b>						
<b>Share capital</b>						
3110	Share capital - common stock	6(18)	16,679,470	11	16,679,470	12
<b>Capital surplus</b>						
3200	Capital surplus	6(19)	14,846,786	10	14,364,858	11
<b>Retained earnings</b>						
3310	Legal reserve	6(20)	7,514,560	5	6,903,070	5
3320	Special reserve		4,820,549	3	2,837,318	2
3350	Unappropriated retained earnings		9,886,188	7	9,207,169	7
<b>Other equity interest</b>						
3400	Other equity interest	6(21)	( 6,177,007)	( 4)	( 4,820,548)	( 4)
31XX	<b>Equity attributable to owners of the parent</b>		<u>47,570,546</u>	<u>32</u>	<u>45,171,337</u>	<u>33</u>
36XX	<b>Non-controlling interest</b>		<u>1,789,354</u>	<u>1</u>	<u>1,590,493</u>	<u>1</u>
3XXX	<b>Total equity</b>		<u>49,359,900</u>	<u>33</u>	<u>46,761,830</u>	<u>34</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>						
<b>Significant events after the balance sheet date</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 147,518,369</u>	<u>100</u>	<u>\$ 138,801,268</u>	<u>100</u>

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

Items	Notes	Year ended December 31				
		2018		2017		
		AMOUNT	%	AMOUNT	%	
4000	<b>Sales revenue</b>	6(22), 7(2) and 12(5)	\$ 383,194,939	100	\$ 364,207,877	100
5000	<b>Operating costs</b>	6(7) and 7(2)	( 368,696,835)	( 96)	( 351,346,513)	( 97)
5950	<b>Net operating margin</b>		<u>14,498,104</u>	<u>4</u>	<u>12,861,364</u>	<u>3</u>
	<b>Operating expenses</b>	6(17)(26)(27)				
6100	Selling expenses		( 5,829,830)	( 2)	( 5,290,902)	( 1)
6200	General & administrative expenses		( 2,414,147)	( 1)	( 2,638,898)	( 1)
6450	Expected credit loss	12(2)	( 841,879)	-	-	-
6000	<b>Total operating expenses</b>		<u>( 9,085,856)</u>	<u>( 3)</u>	<u>( 7,929,800)</u>	<u>( 2)</u>
6900	<b>Operating profit</b>		<u>5,412,248</u>	<u>1</u>	<u>4,931,564</u>	<u>1</u>
	<b>Non-operating income and expenses</b>					
7010	Other income	6(23) and 7(2)	1,274,586	-	1,268,516	-
7020	Other gains and losses	6(24)	147,296	-	498,585	-
7050	Finance costs	6(25)	( 701,198)	-	( 578,518)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(8)	<u>1,845,203</u>	<u>1</u>	<u>1,759,191</u>	<u>1</u>
7000	<b>Total non-operating revenue and expenses</b>		<u>2,565,887</u>	<u>1</u>	<u>2,947,774</u>	<u>1</u>
7900	<b>Profit before income tax</b>		7,978,135	2	7,879,338	2
7950	Income tax expense	6(28)	( 1,065,475)	-	( 1,465,099)	-
8200	<b>Profit for the year</b>		<u>\$ 6,912,660</u>	<u>2</u>	<u>\$ 6,414,239</u>	<u>2</u>

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

Items	Notes	Year ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	(\$ 9,075)	-	(\$ 19,769)	-
8316	Unrealized gain (losses) on financial assets at fair value through comprehensive income	( 253,164)	-	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	( 3,472)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	7,668	-	3,630	-
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	( 258,043)	-	( 16,139)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	( 953,956)	-	( 2,239,494)	( 1)
8362	Unrealized gain on valuation of available-for-sale financial assets	-	-	219,629	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	194,453	-	( 82,770)	-
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	( 759,503)	-	( 2,102,635)	( 1)
8300	<b>Total other comprehensive income for the year</b>	<u>(\$ 1,017,546)</u>	<u>-</u>	<u>(\$ 2,118,774)</u>	<u>( 1)</u>
8500	<b>Total comprehensive income for the year</b>	<u>\$ 5,895,114</u>	<u>2</u>	<u>\$ 4,295,465</u>	<u>1</u>
<b>Profit, attributable to:</b>					
8610	Owners of parent	\$ 6,607,404	2	\$ 6,114,896	2
8620	Non-controlling interest	305,256	-	299,343	-
	<b>Profit</b>	<u>\$ 6,912,660</u>	<u>2</u>	<u>\$ 6,414,239</u>	<u>2</u>
<b>Comprehensive income attributable to:</b>					
8710	Owners of parent	\$ 5,689,430	2	\$ 4,115,116	1
8720	Non-controlling interest	205,684	-	180,349	-
	<b>Total comprehensive income for the year</b>	<u>\$ 5,895,114</u>	<u>2</u>	<u>\$ 4,295,465</u>	<u>1</u>
<b>Earnings per share</b>					
9750	<b>Basic earnings per share</b>	<u>\$ 3.96</u>	<u>3.96</u>	<u>\$ 3.67</u>	<u>3.67</u>
9850	<b>Diluted earnings per share</b>	<u>\$ 3.96</u>	<u>3.96</u>	<u>\$ 3.67</u>	<u>3.67</u>

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Retained Earnings					Other equity interest			Total	Non-controlling interest	Total equity
		Share capital – common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets			
<b>2017</b>												
Balance at January 1, 2017		\$ 16,679,470	\$ 14,196,063	\$ 6,415,402	\$ 126,513	\$ 7,992,064	(\$ 3,044,176 )	\$ -	\$ 206,858	\$ 42,572,194	\$ 1,310,302	\$ 43,882,496
Net income for 2017		-	-	-	-	6,114,896	-	-	-	6,114,896	299,343	6,414,239
Other comprehensive (loss) income for 2017		-	-	-	-	( 16,139 )	( 2,206,110 )	-	222,469	( 1,999,780 )	( 118,994 )	( 2,118,774 )
Total comprehensive income		-	-	-	-	6,098,757	( 2,206,110 )	-	222,469	4,115,116	180,349	4,295,465
Appropriations of 2016 earnings	6(20)	-	-	-	-	-	-	-	-	-	-	-
Provision for legal reserve		-	-	487,668	-	( 487,668 )	-	-	-	-	-	-
Provision for special reserve		-	-	-	2,710,805	( 2,710,805 )	-	-	-	-	-	-
Distribution of cash dividend		-	-	-	-	( 1,667,947 )	-	-	-	( 1,667,947 )	-	( 1,667,947 )
Change in net assets of the associate and joint ventures accounted for under the equity method		-	167,496	-	-	( 61 )	-	-	-	167,435	-	167,435
Difference between consideration and carrying amount of subsidiaries disposed	6(30)	-	-	-	-	( 17,171 )	461	-	( 50 )	( 16,760 )	99,842	83,082
Capital surplus transferred from unclaimed dividends		-	1,299	-	-	-	-	-	-	1,299	-	1,299
Balance at December 31, 2017		\$ 16,679,470	\$ 14,364,858	\$ 6,903,070	\$ 2,837,318	\$ 9,207,169	(\$ 5,249,825 )	\$ -	\$ 429,277	\$ 45,171,337	\$ 1,590,493	\$ 46,761,830
<b>2018</b>												
Balance at January 1, 2018		\$ 16,679,470	\$ 14,364,858	\$ 6,903,070	\$ 2,837,318	\$ 9,207,169	(\$ 5,249,825 )	\$ -	\$ 429,277	\$ 45,171,337	\$ 1,590,493	\$ 46,761,830
Effects of retrospective application and retrospective restatement		-	-	-	-	324,942	-	( 15,626 )	( 429,277 )	( 119,961 )	1,393	( 118,568 )
Balance at January 1 after adjustments		16,679,470	14,364,858	6,903,070	2,837,318	9,532,111	( 5,249,825 )	( 15,626 )	-	45,051,376	1,591,886	46,643,262
Net income for 2018		-	-	-	-	6,607,404	-	-	-	6,607,404	305,256	6,912,660
Other comprehensive (loss) income for 2018	6(21)	-	-	-	-	( 6,418 )	( 653,194 )	( 258,362 )	-	( 917,974 )	( 99,572 )	( 1,017,546 )
Total comprehensive income		-	-	-	-	6,600,986	( 653,194 )	( 258,362 )	-	5,689,430	205,684	5,895,114
Appropriations of 2017 earnings	6(20)	-	-	-	-	-	-	-	-	-	-	-
Provision for legal reserve		-	-	611,490	-	( 611,490 )	-	-	-	-	-	-
Provision for special reserve		-	-	-	1,983,231	( 1,983,231 )	-	-	-	-	-	-
Distribution of cash dividend		-	-	-	-	( 3,669,483 )	-	-	-	( 3,669,483 )	-	( 3,669,483 )
Change in net assets of the associate and joint ventures accounted for under the equity method		-	480,615	-	-	17,295	-	-	-	497,910	-	497,910
Difference between consideration and carrying amount of subsidiaries acquisition	6(30)	-	6	-	-	-	-	-	-	6	( 8,216 )	( 8,210 )
Capital surplus transferred from unclaimed dividends		-	1,307	-	-	-	-	-	-	1,307	-	1,307
Balance at December 31, 2018		\$ 16,679,470	\$ 14,846,786	\$ 7,514,560	\$ 4,820,549	\$ 9,886,188	(\$ 5,903,019 )	(\$ 273,988 )	\$ -	\$ 47,570,546	\$ 1,789,354	\$ 49,359,900

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

SYNNEX TECHNOLOGY INTERNATIONAL AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 7,978,135	\$ 7,879,338
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)(26)	338,388	340,836
Amortization	6(11)(26)	63,310	59,349
Amortization of land use rights	6(12)	20,190	19,886
Provision for bad debts expense	12(4)	-	293,574
Expected credit loss	12(2)	841,879	-
Net gain on financial assets/liabilities at fair value through profit or loss	6(2)(24)	100,290	( 30,909 )
Decline in (gain from reversal of) market value and loss for obsolete and slow-moving inventories	6(7)	187,698	( 119,452 )
Interest expense	6(25)	701,198	578,518
Interest income	6(23)	( 388,760 )	( 373,526 )
Dividend income	6(23)	( 200,275 )	( 151,777 )
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	( 1,845,203 )	( 1,759,191 )
Cash dividends on investments accounted for under the equity method		379,617	407,166
(Gain) loss on disposal of property, plant and equipment and investment property	6(24)	( 3,147 )	( 2,097 )
Depreciation of investment property	6(10)	57,837	57,782
Gain on disposal of financial asset investments	6(24)	-	( 357,363 )
Gain on disposal of investments accounted for under the equity method	6(24)	( 741,035 )	-
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		( 158,013 )	( 43,522 )
Notes and accounts receivable		( 1,403,463 )	( 7,383,841 )
Inventories		( 4,728,414 )	( 2,491,459 )
Other receivables		132,614	154,248
Prepayments		( 1,470,813 )	( 749,753 )
Other current assets		10,777	88,274
Overdue receivables		( 1,276,330 )	( 284,249 )
Long-term lease and installment receivables		( 29,384 )	( 33,364 )
Net changes in liabilities relating to operating activities			
Notes and accounts payable		1,443,460	6,738,170
Other payables		432,107	447,104
Other current liabilities		( 171,966 )	4,035
Other non-current liabilities		20,718	46,292
Cash inflow (outflow) generated from operations		291,415	3,334,069
Interest paid		( 619,844 )	( 561,897 )
Interest received		388,760	373,526
Dividend received		244,635	151,777
Income tax paid		( 936,150 )	( 595,035 )
Net cash provided by operating activities		( 631,184 )	2,702,440

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of available-for-sale financial assets		\$ -	\$ 733,492
Proceeds from capital reduction of financial assets at fair value through profit or loss		2,932	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		72,537	-
Proceeds from disposal of investments accounted for using equity method	6(8)	1,372,999	-
Acquisition of investments accounted for using equity method		-	( 922,145 )
Net cash flow from acquisition of subsidiaries		( 8,232 )	-
Net cash flow from acquisition of subsidiaries' share		( 8,210 )	-
Acquisition of property, plant and equipment	6(33)	( 577,268 )	( 497,298 )
Increase in investment property	6(10)	( 2,435 )	( 2,119 )
Proceeds from disposal of property, plant and equipment and investment property		17,384	7,336
Acquisition of intangible assets	6(33)	( 57,639 )	( 41,072 )
Decrease in refundable deposits		379,868	( 98,160 )
Increase in refundable deposits		( 127,116 )	-
Decrease (increase) in restricted time deposits		696,878	( 1,136,323 )
Increase in other non-current assets		( 577,175 )	-
Decrease in other non-current assets		17,823	106,101
Net cash used in investing activities		<u>1,202,346</u>	<u>( 1,850,188 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (Decrease) in short-term loans	6(34)	4,500,306	( 2,606,893 )
(Decrease) increase in short-term notes and bills payable	6(34)	( 890,000 )	3,160,000
Increase in guarantee deposits received		52,750	1,824
Decrease in guarantee deposits received		( 56,196 )	-
Payment of cash dividends	6(20)	( 3,669,483 )	( 1,667,947 )
Proceeds from disposal of subsidiaries (retained control)		-	83,082
Net cash used in financing activities		<u>( 62,623 )</u>	<u>( 1,029,934 )</u>
Effects of changes in foreign exchange rates		<u>( 548,836 )</u>	<u>( 1,581,680 )</u>
Decrease in cash and cash equivalents		( 40,297 )	( 1,759,362 )
Cash and cash equivalents at beginning of the year		5,714,960	7,474,322
Cash and cash equivalents at end of the year		<u>\$ 5,674,663</u>	<u>\$ 5,714,960</u>

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

## **Report of Independent Accountant Translated From Chinese**

PWCR18000433

To the Board of Directors and Stockholders of Synnex Technology International Corporation

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Synnex Technology International Corporation (the “Company”) as at December 31, 2018 and 2017, 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 audit and the reports of other independent accountants (see information disclosed in the *Other Matter - Scope of the Audit* 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, 2018 and 2017, 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 judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters in relation to the parent company only financial statements for the year ended December 31, 2018 are stated as follows:

### ***Key audit matter – Assessment of allowance for uncollectible accounts***

#### Description

Please refer to Note 4(9) & (10), for accounting policies adopted for accounts receivable. Please refer to Note 5(2), for critical accounting estimates and key sources of assumption uncertainty of loss allowance for accounts receivable. Please refer to Note 6(4) for details of accounts receivable.

The Company is primarily engaged in the sale of communication products, consumer electronic products, electronic products and components. The Company manages the collection of accounts receivable from customers and bears the associated credit risk. The Company assesses impairment of accounts receivable in accordance with IFRS 9, 'Financial instruments'. The management categorized the accounts receivable assessment into individual provision and Company provision. For individually assessed accounts receivable, allowance is recognised on a case by case basis. The assessment process is affected by management's judgement on various factors: customers' financial conditions, internal credit ratings, historical transaction records, and current economic conditions, etc. For Company assessed accounts receivable, assessment process is affected by management's judgement on historical uncollectible records, current economic conditions and the forecastability information to assess the default possibility of uncollectable accounts. As management's judgement on determining allowance for uncollectible accounts is relatively subjective and the estimated amount is material to the financial statements, therefore, we indicated that the assessment of allowance for uncollectible accounts as one of the key audit matters.

#### How our audit addressed the matter

The scope of our audit responded to the risk as follows:

4. Understood the credit quality of the Company's customers, assessed the reasonableness of classification of accounts receivable, the policies and the procedures applied in loss allowance provision.
5. For individually assessed accounts, selected and verified samples of managements' impairment evaluation. Discussed with management the assessment results and evaluated the adequacy of the provision.
6. For accounts assessed as a Company, considered historical uncollectible records and the management's forecastability adjustment information to determine whether the provision ratio of allowance for uncollectible accounts is reasonable. For significant accounts, examined subsequent collections after balance sheet date.

### ***Key audit matter – Assessment of allowance for valuation of inventory***

Please refer to Note 4(12) for description of accounting policies on allowance for inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty. Please refer to Note 6(6) for details of inventory items.

For the purpose of meeting diverse customer needs, the Company applied multi-brands and multi-product strategy. Due to the short life cycle of electronic products and the price is highly affected by market fluctuation, there is a high risk of incurring inventory valuation losses. The Company's inventory policy on inventory valuation is based on the lower of cost or net realisable value. For inventory that was checked item by item for net realisable value, the Company then applied the lower of cost or net realisable value method for recognizing loss on decline in market value.

Considering that the Company's allowance for inventory valuation losses are mainly caused by loss on decline in market value, the valuation involves subjective judgement and since the amount is material to the financial statements, therefore, we indicated the estimates of the allowance for inventory valuation as one of the key audit matters for this fiscal year.

#### How our audit addressed the matter

The scope of our audit responded to the risk as follows:

4. Obtained the Company's policy applied to the assessment of allowance for valuation of inventory loss. Assessed whether the allowance recognition policy is applied in a manner consistent between comparative and current periods of the financial statements.
5. Obtained net realisable value report for inventory items and verified that a consistent systematic logic was applied to the calculation. First, tested the assumptions such as: sources of sales or purchases data and relevant supporting estimation documents. Second, recalculated net realisable value item by item, then applied the lower of cost or net realizable value method for valuation and whether reasonable allowance was recognised.
6. Compared current and previous year's allowance for valuation of inventory loss. Reviewed each period's days sales of inventory in order to assess the adequacy and reasonableness of allowance recognised.

### ***Key audit matter – Assessment of purchase rebate***

#### Description

Please refer to Note 4(12) for accounting policies adopted for the recognition of purchase rebate. Please refer to Note 5(2) for critical accounting estimates and assumptions applied in the accounting policy for the recognition of purchase rebate.

The Company engages in various purchase contracts for different items with different suppliers. There are various types of rebate programs including incentives for certain purchase volume from vendors, purchase discounts and allowances, participations in special purchase promotions, and subsidies for marketing. The Company estimates rebates that shall be recognised in accordance with the percentage of achievement of the rebate contract terms. There are various types of rebate programs, complicated calculations and transactions with different suppliers as well as the manual process involved in the verification and calculation of rebates. All of these aforementioned factors adds to the complexity of assessing purchasing rebate. Thus, we indicated that the assessment of purchase rebate as one of the key audit matters for this fiscal year.

#### How our audit addressed the matter

The scope of our audit responded to the risk as follows:

5. Obtained an understanding and tested the effectiveness of internal control over the estimation of purchase rebate. Tested the appropriate controls over contractual terms regarding rebates. Checked whether the recognition and drawing of rebate amount has been approved by the proper authority.
6. Selected samples of details of purchase rebate estimation, reviewed the inventory items and checked its supporting documents in order to assess the reasonableness of estimation.
7. First, sampled details of purchase rebate estimation without notice from suppliers that has been recognised as of the balance sheet date. Second, after the balance sheet date, selected samples that has received debit note or other supporting documents from suppliers to check whether actual rebate approximated the estimation. In addition, after balance sheet date, checked whether there was significant new rebates that should be recognised as of the balance sheet date.
8. For significant outstanding rebate receivable accounts, we sampled accounts and checked the existence of original vouchers or supporting documents or tested subsequent collections after the balance sheet date.

#### ***Other matters – Scope of the Audit***

We did not audit the investments accounted for using equity method and financial statements of certain subsidiaries which were included in the parent company only financial statements of the Company and were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the investments accounted for using equity method and the amounts and the information disclosed in Note 13 included in these financial statements, is based solely on the reports of the other independent accountants. Additionally, for certain investees financial reports that were prepared under different accounting standards, we have performed required additional auditing procedures for the adjustments of these reports in conformity with “Rules Governing the Preparation of Financial Statements by Securities Issuers”. Therefore, our opinion expressed regarding the amounts before adjustments in the aforementioned investees’ financial report is based solely on the reports of the other independent accountants.

On December 31, 2018 and 2017, the balance of investments accounted for using equity method of certain subsidiaries was NT\$14,598,752 thousand and \$13,120,387 thousand, respectively, constituting 16% and 15% of parent company only total assets respectively; for the years ended December 31, 2018 and 2017, the recognised net profit of investments accounted for using equity method was NT\$1,874,556 thousand and 1,787,220

thousand, respectively, constituting 28% and 29% of parent company only net profits respectively; In addition, for the years ended December 31, 2018 and 2017, the recognised comprehensive income of investments accounted for using equity method was NT \$2,065,537 thousand and \$1,704,450 thousand, respectively, constituting 36% and 41% of the parent company comprehensive income 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 judgement and maintain professional skepticism throughout the audit. We also:

7. 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.
8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

10. 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.
11. 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.
12. 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 individual 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.

Yeh, Tsui Miao

Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2019

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

## SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
	<b>Current assets</b>					
1100	Cash and cash equivalents	6(1)	\$ 565,688	1	\$ 582,125	1
1110	Financial assets at fair value through profit or loss-current	6(2)	45,742	-	-	-
1120	Total current financial assets at fair value through other comprehensive income	6(3)	960,978	1	-	-
1125	Available-for-sale financial assets-current	12(4)	-	-	1,351,569	2
1150	Notes receivable-net	6(4), 12(4)	393,970	-	303,251	-
1160	Notes receivable-related parties	7(2)	31,005	-	22,118	-
1170	Accounts receivable-net	6(4)(5) and 12(4)	4,939,370	5	5,228,711	6
1180	Accounts receivable-related parties	7(2)	129,911	-	147,698	-
1200	Other receivables		571,920	1	814,169	1
1210	Other receivables-related parties	7(2)	4,155,817	5	3,705,053	4
130X	Inventories, net	6(6)	3,615,394	4	3,397,073	4
1410	Prepayments		79,625	-	117,044	-
11XX	<b>Current assets</b>		<u>15,489,420</u>	<u>17</u>	<u>15,668,811</u>	<u>18</u>
	<b>Non-current assets</b>					
1517	Total non-current financial assets at fair value through other comprehensive income	6(3)	1,532,974	2	-	-
1543	Financial assets measured at cost-noncurrent	12(4)	-	-	1,691,359	2
1550	Investments accounted for under the equity method	6(7)	71,629,409	79	66,061,628	77
1600	Property, plant and equipment, net	6(8)	1,133,306	1	1,140,494	2
1780	Intangible assets		33,970	-	64,389	-
1840	Deferred income tax assets	6(24)	101,550	-	106,095	-
1900	Other non-current assets	6(9), 8	759,162	1	791,054	1
15XX	<b>Non-current assets</b>		<u>75,190,371</u>	<u>83</u>	<u>69,855,019</u>	<u>82</u>
1XXX	<b>Total assets</b>		<u>\$ 90,679,791</u>	<u>100</u>	<u>\$ 85,523,830</u>	<u>100</u>

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(10)	\$ 29,990,000	33	\$ 26,201,000	31
2110	Short-term notes and bills payable	6(11)	7,350,000	8	8,290,000	10
2150	Notes payable		350,324	1	207,291	-
2160	Notes payable - related parties	7(2)	20,223	-	8,688	-
2170	Accounts payable		3,516,492	4	4,025,201	5
2180	Accounts payable-related parties	7(2)	16,683	-	118,079	-
2200	Other payables	6(12)	836,360	1	1,045,683	1
2220	Other payables-related parties	7(2)	352,849	-	36,577	-
2230	Current income tax liabilities	6(24)	59,334	-	64,631	-
2300	Other current liabilities	6(12)	<u>275,261</u>	-	<u>65,911</u>	-
21XX	<b>Current liabilities</b>		<u>42,767,526</u>	<u>47</u>	<u>40,063,061</u>	<u>47</u>
	<b>Non-current liabilities</b>					
2570	Deferred income tax liabilities	6(24)	32,119	-	-	-
2600	Other non-current liabilities	6(13)	<u>309,600</u>	<u>1</u>	<u>289,432</u>	-
2XXX	<b>Total liabilities</b>		<u>43,109,245</u>	<u>48</u>	<u>40,352,493</u>	<u>47</u>
	<b>Equity attributable to owners of parent</b>					
	<b>Share capital</b>	6(14)				
3110	Share capital-common stock		16,679,470	18	16,679,470	19
	<b>Capital surplus</b>	6(15)				
3200	Capital surplus		14,846,786	17	14,364,858	17
	<b>Retained earnings</b>	6(16)				
3310	Legal reserve		7,514,560	8	6,903,070	8
3320	Special reserve		4,820,549	5	2,837,318	3
3350	Unappropriated retained earnings		9,886,188	11	9,207,169	11
	<b>Other equity interest</b>	6(17)				
3400	Other equity interest		( 6,177,007)	( 7)	( 4,820,548)	( 5)
3XXX	<b>Total equity</b>		<u>47,570,546</u>	<u>52</u>	<u>45,171,337</u>	<u>53</u>
	<b>Significant contingent liabilities and unrecognized contract commitments</b>	9				
3X2X	<b>Significant events after the balance sheet date</b>	11				
	<b>Total liabilities and equity</b>		<u>\$ 90,679,791</u>	<u>100</u>	<u>\$ 85,523,830</u>	<u>100</u>

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION							
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME							
YEARS ENDED DECEMBER 31, 2018 AND 2017							
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)							
				Years ended December 31,			
				2018		2017	
		Notes	Amount	%	Amount	%	
4000	Sales revenue	6(18) and 7(2)	\$ 43,218,857	100	\$ 45,686,499	100	
5000	Operating costs	6(6) and 7(2)	( 41,063,307)	( 95)	( 43,583,028)	( 96)	
5950	Net operating margin		2,155,550	5	2,103,471	4	
	Operating expenses	6(13)(22) and (23)					
6100	Selling expenses		( 1,031,494)	( 2)	( 942,618)	( 2)	
6200	General and administrative expenses		( 1,057,823)	( 3)	( 1,001,505)	( 2)	
6450	Expected credit loss	12(2)	( 1,213)	-	-	-	
6000	Total operating expenses		( 2,090,530)	( 5)	( 1,944,123)	( 4)	
6900	Operating profit		65,020	-	159,348	-	
	Non-operating income and expenses						
7010	Other income	6(19)	885,324	2	804,980	2	
7020	Other gains and losses	6(20)	115,988	-	77,072	-	
7050	Finance costs	6(21)	( 361,761)	( 1)	( 358,416)	( 1)	
7070	Share of profit of associates and joint ventures accounted for under the equity method	6(7)	5,998,305	14	5,472,520	12	
7000	Total non-operating income and expenses		6,637,856	15	5,996,156	13	
7900	Profit before income tax		6,702,876	15	6,155,504	13	
7950	Income tax expense	6(24)	( 95,472)	-	( 40,608)	-	
8200	Profit for the year		\$ 6,607,404	15	\$ 6,114,896	13	
	Other comprehensive income						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(13)	(\$ 20,152)	-	(\$ 13,003)	-	
8316	Unrealized gain (losses) on financial assets at fair value through comprehensive income		( 284,546)	( 1)	-	-	
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		30,009	-	( 5,347)	-	
8349	Components of other comprehensive income that will not be reclassified to profit or loss	6(24)	9,909	-	2,211	-	
8310	Components of other comprehensive income that will be reclassified to profit or loss		( 264,780)	( 1)	( 16,139)	-	
8361	Financial statements translation differences of foreign operations	6(17)	( 847,646)	( 2)	( 2,120,500)	( 5)	
8362	Unrealized loss on valuation of available-for-sale financial assets	6(17) and 12(4)	-	-	221,551	1	
8380	Share of other comprehensive loss of associates and joint ventures accounted for under equity method		194,452	1	( 84,692)	-	
8360	Components of other comprehensive income that will be reclassified to profit or loss		( 653,194)	( 1)	( 1,983,641)	( 4)	
8300	Total other comprehensive loss for the year		(\$ 917,974)	( 2)	(\$ 1,999,780)	( 4)	
8500	Total comprehensive income for the year		\$ 5,689,430	13	\$ 4,115,116	9	
	Earnings per share	6(25)	\$ 3.96		\$ 3.67		
9750	Basic earnings per share						
9850	Diluted earnings per share		\$ 3.96		\$ 3.67		
The accompanying notes are an integral part of these consolidated financial statements.							

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Retained earnings				Other equity interest				Total
		Share capital common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	
<b>2017</b>										
Balance at January 1, 2017		\$ 16,679,470	\$ 14,196,063	\$ 6,415,402	\$ 126,513	\$ 7,992,064	(\$ 3,044,176)	\$ -	\$ 206,858	\$ 42,572,194
Net income for 2017		-	-	-	-	6,114,896	-	-	-	6,114,896
Other comprehensive (loss) income for 2017		-	-	-	-	(16,139)	(2,206,110)	-	222,469	(1,999,780)
Total comprehensive income		-	-	-	-	6,098,757	(2,206,110)	-	222,469	4,115,116
Appropriations of 2016 earnings	6(16)									
Provision for legal reserve		-	-	487,668	-	(487,668)	-	-	-	-
Provision for special reserve		-	-	-	2,710,805	(2,710,805)	-	-	-	-
Distribution of cash dividend		-	-	-	-	(1,667,947)	-	-	-	(1,667,947)
Change in net assets of the associate and joint ventures accounted for under the equity method		-	167,496	-	-	(61)	-	-	-	167,435
Difference between consideration and carrying amount of subsidiaries disposed	6(27)	-	-	-	-	(17,171)	461	-	(50)	(16,760)
Capital surplus transferred from unclaimed dividends		-	1,299	-	-	-	-	-	-	1,299
Balance at December 31, 2017		\$ 16,679,470	\$ 14,364,858	\$ 6,903,070	\$ 2,837,318	\$ 9,207,169	(\$ 5,249,825)	\$ -	\$ 429,277	\$ 45,171,337
<b>2018</b>										
Balance at January 1, 2018		\$ 16,679,470	\$ 14,364,858	\$ 6,903,070	\$ 2,837,318	\$ 9,207,169	(\$ 5,249,825)	\$ -	\$ 429,277	\$ 45,171,337
Effects of retrospective application and retrospective restatement		-	-	-	-	324,942	-	(15,626)	(429,277)	(119,961)
Balance at January 1 after adjustments		16,679,470	14,364,858	6,903,070	2,837,318	9,532,111	(5,249,825)	(15,626)	-	45,051,376
Net income for 2018		-	-	-	-	6,607,404	-	-	-	6,607,404
Other comprehensive (loss) income for 2018	6(17)	-	-	-	-	(6,418)	(653,194)	(258,362)	-	(917,974)
Total comprehensive income		-	-	-	-	6,600,986	(653,194)	(258,362)	-	5,689,430
Appropriations of 2017 earnings	6(16)									
Provision for legal reserve		-	-	611,490	-	(611,490)	-	-	-	-
Provision for special reserve		-	-	-	1,983,231	(1,983,231)	-	-	-	-
Distribution of cash dividend		-	-	-	-	(3,669,483)	-	-	-	(3,669,483)
Change in net assets of the associate and joint ventures accounted for under the equity method		-	480,615	-	-	17,295	-	-	-	497,910
Difference between consideration and carrying amount of subsidiaries disposed	6(26)	-	6	-	-	-	-	-	-	6
Capital surplus transferred from unclaimed dividends		-	1,307	-	-	-	-	-	-	1,307
Balance at December 31, 2018		\$ 16,679,470	\$ 14,846,786	\$ 7,514,560	\$ 4,820,549	\$ 9,886,188	(\$ 5,903,019)	(\$ 273,988)	\$ -	\$ 47,570,546

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

## SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax for the year		\$ 6,702,876	\$ 6,155,504
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(22)	82,368	92,202
Amortization	6(22)	42,308	43,593
Provision for bad debts expense	12(4)	-	1,870
Expected credit loss	12(2)	1,213	-
Net gain on financial assets at fair value through profit or loss	6(2)(20)	5,589	-
decline in (Gain from reversal of) market value and loss for obsolete and slow-moving inventories	6(6)	10,642	( 4,219)
Loss on obsolescence	6(6)	1,586	2,441
Interest expense	6(21)	361,761	358,416
Interest income	6(19)	( 3,868)	( 2,113)
Dividend income	6(19)	( 152,968)	( 118,199)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	( 5,998,305)	( 5,472,520)
Cash dividends on investments accounted for under the equity method		334,067	382,708
(Gain) loss on disposal of property, plant and equipment	6(20)	( 5,010)	( 493)
Gain on disposal of financial asset investments	6(20)	-	( 357,363)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts and notes receivable		207,616	396,112
Inventories		( 230,549)	102,847
Other receivables		398,289	176,146
Prepayments		37,419	( 6,820)
Overdue receivables		3,668	69
Net changes in liabilities relating to operating activities			
Accounts and notes payable		( 455,537)	232,814
Other payables		41,271	19,105
Other current liabilities		( 18,079)	( 5,404)
Accrued pension liabilities		( 77)	( 72)
Cash inflow (outflow) generated from operations		1,366,280	1,996,624
Interest paid		( 353,462)	( 347,092)
Interest received		3,868	2,113
Dividend received		152,968	118,199
Income tax paid		( 54,196)	( 33,016)
Net cash provided by operating activities		1,115,458	1,736,828
	(Continued)		

<u>SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION</u>			
<u>PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS</u>			
<u>YEARS ENDED DECEMBER 31, 2018 AND 2017</u>			
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)			
		<u>Years ended December 31,</u>	
	Notes	2018	2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of available-for-sale financial assets		\$ -	\$ 733,492
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		72,537	-
(Increase) decrease in other receivable due from related parties	7(2)	( 606,805)	232,769
Acquisition of investments accounted for using equity method		( 8,210)	-
Proceeds from disposal of investments accounted for using equity method		-	83,082
Acquisition of property, plant and equipment	6(8)	( 55,463)	( 71,387)
Proceeds from disposal of property, plant and equipment and investment property		6,913	2,189
Acquisition of intangible assets	6(28)	( 33,509)	( 21,239)
Increase in restricted time deposits		( 1,134)	( 460,174)
Decrease (increase) in other non-current assets		28,568	( 17,217)
Increase in refundable deposits		( 517)	( 120)
Net cash (used in) flows from investing activities		( 597,620)	481,395
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (decrease) in short-term loans	6(29)	3,789,000	( 3,094,000)
(Decrease) increase in short-term notes and bills payable	6(29)	( 940,000)	3,190,000
Increase (decrease) in other payable to related parties	7(2)	286,115	( 591,090)
Increase (decrease) in guarantee deposits received		93	( 432)
Payment of cash dividends	6(16)	( 3,669,483)	( 1,667,947)
Net cash used in financing activities		( 534,275)	( 2,163,469)
(Decrease) increase in cash and cash equivalents		( 16,437)	54,754
Cash and cash equivalents at beginning of the year		582,125	527,371
Cash and cash equivalents at end of the year		<u>\$ 565,688</u>	<u>\$ 582,125</u>
The accompanying notes are an integral part of these consolidated financial statements.			

## Attachment 4

# Synnex Technology International Corporation Comparison Table of Amended Clauses of Articles of Association

Clause	Amended Clause	Existing Clause	Reason for Amendment
Article 1	The Company is organized as a stock limited company in accordance with the Company Act of the Republic of China and is named 聯強國際股份有限公司. <u>The English name is Synnex Technology International Corporation.</u>	The Company is organized as a stock limited company in accordance with the Company Act of the Republic of China and is named 聯強國際股份有限公司.	Amended in accordance with legislation and actual requirements of the Company.
Article 12-1	<u>When the Company purchases shares of the Company in accordance with the Company Act, the target of assignment may include employees of controlled companies or subsidiaries who meet certain conditions.</u> <u>The target of issuance of employee stock options by the Company may include employees of controlled companies or subsidiaries who meet certain conditions.</u> <u>When the Company issues new shares, employees qualified for subscription may include employees of controlled companies or subsidiaries who meet certain conditions.</u> <u>When the Company issues new shares with employee right restrictions, the target may include employees of controlled companies or subsidiaries who meet certain conditions.</u> <u>The Chairman is authorized to determine the certain conditions to be met by employees of controlled companies or subsidiaries under this Article.</u>		Addition in accordance with legislation and actual requirements of the Company.
Article 38	To incentivize employees and operating teams, after the Company's profit before tax of the current year before deduction for employee remuneration, director remuneration is used to compensate losses, the remaining amount, if any, shall be provided up to 10% as employee remuneration and up to 0.01% as director remuneration. Employee remuneration may be in the form of stocks or cash. Director remuneration shall be in the form of cash. Both employee and director remunerations shall be subject to approval by the majority of directors attending a board meeting that is	To incentivize employees and operating teams, after the Company's profit before tax of the current year before deduction for employee remuneration, director remuneration is used to compensate losses, the remaining amount, if any, shall be provided up to 10% as employee remuneration and up to 0.01% as director remuneration. Employee remuneration may be in the form of stocks or cash. Director remuneration shall be in the form of cash. Both employee and director remunerations shall be subject to approval by the majority of directors attending a board meeting that is	Amended in accordance with legislation and actual requirements of the Company.

	<p>attended by at least 2/3 directors. If employee remuneration is paid in stock, distribution may also be made to employees of <u>controlled companies</u> or subsidiaries of the Company who meet certain conditions. The Chairman is authorized to determine such conditions.</p>	<p>attended by at least 2/3 directors. If employee remuneration is paid in stock, distribution may also be made to employees of subsidiaries of the Company who meet certain conditions. The Chairman is authorized to determine such conditions.</p>	
Article 38-1	<p>If the Company has profit at annual closing, <u>taxes and past losses shall first be paid and compensated.</u> Then 10% shall be provided as legal reserve <u>and special reserve shall be provided or recycled in accordance with the law.</u> <u>If there is profit remaining,</u> the board of directors shall prepare a proposal to distribute <u>the balance amount,</u> together with accumulated non-distributed profit. <u>In case of distribution in the form of new share issuance, a submission shall be made to the shareholders meeting for resolution before distribution.</u> <u>If distributed in cash, the board of directors is authorized to resolve distribution by the majority of directors attending a meeting that is attended by 2/3 or more directors.</u> <u>A report shall be filed with the shareholders meeting.</u> <u>The percentage of shareholder cash dividend may be proposed by the board of directors in consideration of the Company's financial structure, future profitability and business development, provided that the percentage of cash dividend shall not be less than 15% of the shareholder dividend issued.</u></p>	<p>The Company is in an industry with evolving environment and the current enterprise life cycle is in the stage of growth. In consideration of the Company's business environment, long-term financial planning, future funding requirements and the protection for shareholders' and investors' interest, if the Company has profit at annual closing, past losses and taxes shall first be compensated and paid. Then 10% shall be provided as legal reserve and special reserve shall be provided according to the debit amount of shareholders' equity in the current year. The board of directors shall prepare a proposal to distribute the remaining amount, together with the accumulated non-distributed profit in the beginning of the period. Such proposal shall be submitted to the shareholders meeting for approval. The percentages of the above profit provisions and the percentage of shareholder cash dividend may be determined by the board of directors in consideration of the capital reserve, profit reserve and future profitability, as well as the Company's future development. Necessary investment plans that may increase profitability or that may require financing may be funded through capital increase through profit or through capital reserve. If the capital expansion has an impact on the level of dividend, then adjustment shall be made under the corresponding principle of cash distribution, provided that the percentage of cash dividend shall not be less than 15% of the shareholder dividend issued.</p>	<p>Amended in accordance with legislation and actual requirements of the Company.</p>
Article38-2	<p><u>If the Company does not have losses, the board of directors may prepare a distribution proposal to distribute all or part of the legal reserve and capital reserve under Article 241 of the Company Act to the shareholders.</u> <u>If distribution is made in the form of new share issuance, the distribution shall be subject to prior approval by shareholder</u></p>		<p>Addition in accordance with legislation and actual requirements of the Company.</p>

	<u>resolution. If distributed in cash, the board of directors is authorized to proceed with the approval by the majority of directors attending a meeting that is attended by 2/3 or more directors. A report shall be filed with the shareholders meeting.</u>		
Article 41	<p>These Articles of Association were established by all founders on 1 September 1988 and takes official effect following the approval by the competent authority. The same shall be applicable to amendments. The first amendment was made on 27 September 1990. The second amendment was made on 18 June 1991. The third amendment was made on 6 April 1992. The fourth amendment was made on 18 March 1993. The fifth amendment was made on 22 October 1993. The sixth amendment was made on 11 May 1994. The seventh amendment was made on 20 May 1995. The eighth amendment was made on 28 March 1996. The ninth amendment was made on 18 April 1997. The tenth amendment was made on 18 April 1998. The eleventh amendment was made on 13 May 1998. The twelfth amendment was made on 7 May 1999. The thirteenth amendment was made on 2 May 2000. The fourteenth amendment was made on 11 May 2001. The fifteenth amendment was made on 21 May 2003. The sixteenth amendment was made on 28 May 2003. The seventeenth amendment was made on 10 June 2005. The eighteenth amendment was made on 13 June 2007. The nineteenth amendment was made on 11 June 2008. The twentieth amendment was made on 17 June 2010. The twenty-first amendment was made on 10 June 2011. The twenty-second amendment was made on 13 June 2012. The twenty-third amendment was made on 11 June 2014. The twenty-fourth amendment was made on 12 June 2015. The twenty-fifth amendment was made on 8 June 2016. The twenty-sixth amendment was made on 7 June 2017. The twenty-seventh amendment was made on 12 June 2018. <u>The twenty-eighth amendment was made on 6 June 2019.</u></p>	<p>These Articles of Association were established by all founders on 1 September 1988 and takes official effect following the approval by the competent authority. The same shall be applicable to amendments. The first amendment was made on 27 September 1990. The second amendment was made on 18 June 1991. The third amendment was made on 6 April 1992. The fourth amendment was made on 18 March 1993. The fifth amendment was made on 22 October 1993. The sixth amendment was made on 11 May 1994. The seventh amendment was made on 20 May 1995. The eighth amendment was made on 28 March 1996. The ninth amendment was made on 18 April 1997. The tenth amendment was made on 18 April 1998. The eleventh amendment was made on 13 May 1998. The twelfth amendment was made on 7 May 1999. The thirteenth amendment was made on 2 May 2000. The fourteenth amendment was made on 11 May 2001. The fifteenth amendment was made on 21 May 2003. The sixteenth amendment was made on 28 May 2003. The seventeenth amendment was made on 10 June 2005. The eighteenth amendment was made on 13 June 2007. The nineteenth amendment was made on 11 June 2008. The twentieth amendment was made on 17 June 2010. The twenty-first amendment was made on 10 June 2011. The twenty-second amendment was made on 13 June 2012. The twenty-third amendment was made on 11 June 2014. The twenty-fourth amendment was made on 12 June 2015. The twenty-fifth amendment was made on 8 June 2016. The twenty-sixth amendment was made on 7 June 2017. The twenty-seventh amendment was made on 12 June 2018.</p>	<p>Sequence and date of current amendment added.</p>

## Attachment 5

# Synnex Technology International Corporation

## Comparison Table of Amendment to Procedure for Acquisition or Disposal of Assets

Clause	Amended Clause	Existing Clause	Remarks
Article 2	<p>(Scope of Application)</p> <p>The term "assets" as used in this Procedure includes the following:</p> <ol style="list-style-type: none"> <li>Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</li> <li>Memberships.</li> <li>Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li><u>Right-of-use assets.</u></li> <li><u>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</u></li> <li>Derivatives.</li> <li>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>Funds provided to subsidiaries in the nature of long-term investment.</li> <li>Other major assets.</li> </ol> <p>Matters related to the acquisition and disposal of the above assets are governed by this Procedure.</p>	<p>(Scope of Application)</p> <p>The term "assets" as used in this Procedure includes the following:</p> <ol style="list-style-type: none"> <li>Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</li> <li>Memberships</li> <li>Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>Derivatives.</li> <li>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>Funds <u>advanced</u> to subsidiaries in the nature of long-term investment.</li> <li>Other major assets.</li> </ol> <p>Matters related to the acquisition and disposal of the above assets are governed by this Procedure.</p>	Amendment in accordance with legislation.
Article 3	<p>(Definition)</p> <ol style="list-style-type: none"> <li>Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable;</u> or hybrid contracts combining the above <u>contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts.</u></li> <li>Assets acquired or disposed through mergers, demergers, acquisitions, or</li> </ol>	<p>(Definition)</p> <ol style="list-style-type: none"> <li>Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from asset, interest rate, foreign exchange rate, index or other interest; or compound contracts combining the above products. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</li> <li>Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the</li> </ol>	Amendment in accordance with legislation.

	<p>transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. "Within the preceding year" as used in this Procedure refers to the year preceding the date of occurrence of the current transaction. Items already filed, for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained or which have been submitted to the audit committee or the board of directors for approval need not be counted toward the transaction amount.</p> <p>8. "Most recent parent company only financial report or individual financial report" as used in this Procedure refers to financial statements of the Company for the most recent period certified or reviewed by a certified public accountant.</p> <p>9. For the calculation of "10 percent of total assets" under this Procedure, the total assets stated in the most recent parent company only financial report or</p>	<p>Business Mergers and Acquisitions Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 56, paragraph 8 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. "Within the preceding year" as used in this Procedure refers to the year preceding the date of occurrence of the current transaction. Items already filed, for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained or which have been submitted to the audit committee or the board of directors for approval need not be counted toward the transaction amount.</p> <p>8. "Most recent parent company only financial report or individual financial report" as used in this Procedure refers to financial statements of the Company for the most recent period certified or reviewed by a certified public accountant.</p> <p>9. For the calculation of "10 percent of total assets" under this Procedure, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by</p>	
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	<p>individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>10. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under this Procedure, 10 percent of equity attributable to owners of the parent shall be substituted; <u>for calculations under the provisions of this Procedure regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</u></p>	<p>Securities Issuers shall be used.</p> <p>10. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under this Procedure, 10 percent of equity attributable to owners of the parent shall be substituted.</p>	
Article 4	<p>(Independence of Experts)</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p>1. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>3. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p>1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>2. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order</u></p>	<p>(Independence of Experts)</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be related parties.</p>	Amendment in accordance with legislation.

	<p><u>to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
Article 5	<p>(Procedure for Acquisition and Disposal of Securities)</p> <p>1. Evaluation and Procedure The Company's purchase and sale of securities investments shall be done in accordance with applicable procedures. The Finance Department shall provide an evaluation report and shall acquire the financial report of the most recent target company only financial report or individual financial report or other relevant information as the basis for evaluation.</p> <p>2. Decision Procedure for Transaction Terms and Authorized Amount Each transaction shall be approved by the President or the Chairman. Any transaction with an amount over NT\$300 Million shall be submitted to the board of directors for approval. However, for fixed-income investments, such as term deposits, drafts, commercial papers, negotiable term deposit certificates and domestic money market funds, the President is authorized to grant approval.</p> <p>3. Execution Department After the Company's investment in securities is approved in accordance with the approval authority under the previous paragraph, the Finance Department shall be responsible for execution.</p> <p>4. Expert Opinion In acquiring or disposing of securities, if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the</p>	<p>(Procedure for Acquisition and Disposal of Securities)</p> <p>1. Evaluation and Procedure The Company's purchase and sale of securities investments shall be done in accordance with applicable procedures. The Finance Department shall provide an evaluation report and shall acquire the financial report of the most recent target company only financial report or individual financial report or other relevant information as the basis for evaluation.</p> <p>2. Decision Procedure for Transaction Terms and Authorized Amount Each transaction shall be approved by the President or the Chairman. Any transaction with an amount over NT\$300 Million shall be submitted to the board of directors for approval. However, for fixed-income investments, such as term deposits, drafts, commercial papers, negotiable term deposit certificates and domestic money market funds, the President is authorized to grant approval.</p> <p>3. Execution Department After the Company's investment in securities is approved in accordance with the approval authority under the previous paragraph, the Finance Department shall be responsible for execution.</p> <p>4. Expert Opinion In acquiring or disposing of securities, if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an</p>	Amendment in accordance with legislation with minor wording changes.

	<p>reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.</p> <p>5. The <u>provision</u> of funds in the nature of long-term investments is governed by this Article.</p>	<p>opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.</p> <p>5. The <u>advance</u> of funds in the nature of long-term investments is governed by this Article.</p>	
Article 6	<p>(Procedure for Acquisition and Disposal of Real Property, <u>equipment or right-of-use assets</u>)</p> <p>1. Evaluation and Procedure: The acquisition or disposal of real property, <u>equipment or the right-of-use assets thereof</u> by the Company shall be carried out by the user department and relevant responsible department in accordance with applicable procedures.</p> <p>2. Decision Procedure for Transaction Terms and Authorized Amount (1) To acquire or dispose of real property <u>or the right-of-use assets thereof</u>, reference shall be made to published current value, appraised value and actual transaction price for real properties in the vicinity in order to determine the transaction terms and transaction price. (2) <u>Equipment or the right-of-use assets thereof</u> shall be acquired or disposed of through price enquiry, price comparison, price negotiation or tender. (3) If the transaction amount is more than NT\$15 Million, it shall be approved by the President. If the amount of more than NT\$200 Million, it shall be approved by the Chairman. If the amount is more than NT\$300 Million, it shall be submitted to the board of directors for approval.</p> <p>3. Execution Department When the Company acquires or disposes of real property, <u>equipment or the right-of-use assets thereof</u>, after approval is granted in accordance with the approval authority under the previous paragraph, the user department and management department shall be responsible for execution.</p> <p>4. Appraisal Report for Real Property, <u>Equipment or the Right-of-Use Thereof</u> When the Company acquires or disposes of real property, <u>equipment or the right-of-use assets thereof</u>, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless</p>	<p>(Procedure for Acquisition and Disposal of Real Property, <u>equipment or right-of-use assets</u>)</p> <p>1. Evaluation and Procedure: The acquisition or disposal of real property and equipment by the Company shall be carried out by the user department and relevant responsible department in accordance with applicable procedures.</p> <p>2. Decision Procedure for Transaction Terms and Authorized Amount (1) To acquire or dispose of real property, reference shall be made to published current value, appraised value and actual transaction price for real properties in the vicinity in order to determine the transaction terms and transaction price. (2) Equipment shall be acquired or disposed of through price enquiry, price comparison, price negotiation or tender. (3) If the transaction amount is more than NT\$15 Million, it shall be approved by the President. If the amount of more than NT\$200 Million, it shall be approved by the Chairman. If the amount is more than NT\$300 Million, it shall be submitted to the board of directors for approval.</p> <p>3. Execution Department When the Company acquires or disposes of real property <u>or equipment</u>, after approval is granted in accordance with the approval authority under the previous paragraph, the user department and management department shall be responsible for execution.</p> <p>4. Appraisal Report for Real Property <u>or Equipment</u> Where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or</p>	Amendment in accordance with legislation.

<p>transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof</u> held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any <u>subsequent</u> change to the terms and conditions of the transaction</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price .</p> <p>i. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>disposing of equipment held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is the terms and conditions of the transaction change.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.</p> <p>i. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser</p>	
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Article 7	<p>(Investment Limit Amount)</p> <p>1. Neither the total nor individual amount of investment in securities by the Company and its subsidiaries shall exceed 150% of the shareholders' equity belonging to the parent company in the most recent parent company only financial report or individual financial report prepared by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the amount of investment in individual securities shall not exceed 150% of the above shareholders' equity belonging to the parent company.</p> <p>2. Neither the total nor individual amount of real property <u>and the right-of-use assets thereof</u> held by the Company and its subsidiaries shall exceed 10% of the shareholders' equity belonging to the parent company in the most recent parent company only financial report or individual financial report prepared by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>(Investment Limit Amount)</p> <p>1. Neither the total nor individual amount of investment in securities by the Company and its subsidiaries shall exceed 150% of the shareholders' equity belonging to the parent company in the most recent parent company only financial report or individual financial report prepared by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the amount of investment in individual securities shall not exceed 150% of the above shareholders' equity belonging to the parent company.</p> <p>2. Neither the total nor individual amount of real property held by the Company and its subsidiaries shall exceed 10% of the shareholders' equity belonging to the parent company in the most recent parent company only financial report or individual financial report prepared by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	Amendment in accordance with legislation.
Article 8	<p>(Procedure for Acquisition and Disposal of Membership, Intangible Assets <u>or Right-of-Use Assets thereof</u> and Other Important Assets)</p> <p>1. Evaluation and Procedure: The acquisition of membership, intangible assets <u>or the right-of-use assets thereof</u> and other important assets by the Company shall be carried out by the user department and relevant responsible departments of the Company in accordance with applicable procedures.</p> <p>2. Decision Procedure for Transaction Terms and Authorized Amount (1) Membership, intangible assets <u>or the right-of-use assets thereof</u> and other important assets shall be acquired or disposed of through price enquiry, price comparison, price negotiation or tender. (2) If the transaction amount is more than NT\$15 Million, it shall be approved by the President. If the amount of more than NT\$200 Million, it shall be approved by the Chairman. If the amount is more than NT\$300 Million, it shall be submitted to the board of directors for approval.</p> <p>3. Execution Department When the Company acquires or disposes of membership, intangible assets <u>or the right-of-use assets thereof</u> and other important assets, after approval is granted in accordance with the approval authority under the previous paragraph, the user department and management department</p>	<p>(Procedure for Acquisition and Disposal of Membership, Intangible Assets and Other Important Assets)</p> <p>1. Evaluation and Procedure: The acquisition of membership, intangible assets and other important assets by the Company shall be carried out by the user department and relevant responsible departments of the Company in accordance with applicable procedures.</p> <p>2. Decision Procedure for Transaction Terms and Authorized Amount (1) Membership, intangible assets and other important assets shall be acquired or disposed of through price enquiry, price comparison, price negotiation or tender. (2) If the transaction amount is more than NT\$15 Million, it shall be approved by the President. If the amount of more than NT\$200 Million, it shall be approved by the Chairman. If the amount is more than NT\$300 Million, it shall be submitted to the board of directors for approval.</p> <p>3. Execution Department When the Company acquires or disposes of membership, intangible assets and other important assets, after approval is granted in accordance with the approval authority under the previous paragraph, the user department and management department shall be responsible for</p>	Amendment in accordance with legislation.

	<p>shall be responsible for execution.</p> <p>4. Expert Opinion In acquiring or disposing of membership, intangible assets <u>or the right-of-use assets thereof</u> and other important assets, if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, unless transacting with a <u>domestic</u> government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</p>	<p>execution.</p> <p>4. Expert Opinion In acquiring or disposing of membership <u>and</u> intangible assets, if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, unless transacting with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</p>	
Article 9	<p>(Procedure for Transaction with Related Parties)</p> <p>1. When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, in addition to the procedure for the acquisition of real property under Article 6, the Company shall also carry out relevant resolution procedure and evaluate the reasonableness of the transaction terms in accordance with the following. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered</p> <p>2. When the Company intends to acquire or dispose of assets under paragraph 1 of this Article from or to a related party, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and submitted to the board of directors for approval:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property <u>or right-of-use assets thereof</u></p>	<p>(Procedure for Transaction with Related Parties)</p> <p>1. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, in addition to the procedure for the acquisition of real property under Article 6, the Company shall also carry out relevant resolution procedure and evaluate the reasonableness of the transaction terms in accordance with the following. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered</p> <p>2. When the Company intends to acquire or dispose of assets under paragraph 1 of this Article from or to a related party, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and submitted to the board of directors for approval:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property from a related party, information regarding appraisal of the</p>	Amendment in accordance with legislation.

<p>from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with subparagraphs (1) and (4), paragraph 3 of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding <u>paragraph</u>.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction</p> <p>3. Appraisal of Reasonableness of Transaction Cost</p> <p>(1) When the Company acquires real property <u>or right-of-use assets thereof</u> from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>i. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>ii. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p>	<p>reasonableness of the preliminary transaction terms in accordance with subparagraphs (1) and (4), paragraph 3 of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>3. Appraisal of Reasonableness of Transaction Cost</p> <p>(1) When the Company acquires real property from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>i. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>ii. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) When the Company acquires real property from a related party and</p>	
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<p>(3) When the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real property <u>or right-of-use assets thereof</u> in accordance with the preceding subparagraphs (1) and (2), paragraph 3 of this Article, it shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the Company acquires real property <u>or right-of-use assets thereof</u> from or to a related party and the results of the Company's appraisal conducted in accordance with subparagraphs (1) and (2), paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph (5), paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(i) Where undeveloped land is appraised in accordance with the means in subparagraphs (1) and (2) paragraph 3 of this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(ii) Completed <u>transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale <u>or leasing</u> practices.</p> <p>ii. Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the</p>	<p>appraises the cost of the real property in accordance with the preceding subparagraphs (1) and (2), paragraph 3 of this Article, it shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the Company acquires real property from or to a related party and the results of the Company's appraisal conducted in accordance with subparagraphs (1) and (2), paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph (5), paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(i) Where undeveloped land is appraised in accordance with the means in subparagraphs (1) and (2) paragraph 3 of this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(ii) Completed <u>closings</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.</p> <p><u>(iii) Leases cases by unrelated parties within the preceding year involving other floors of the same property, after calculation of reasonable price discrepancies in floor in accordance with standards property market lease practices.</u></p> <p>ii. Where the Company acquiring real property from a related party provides</p>	
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<p>terms of completed <u>transactions</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed <u>transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; <u>transactions</u> involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or</u> <u>obtainment of the right-of-use assets thereof</u>.</p> <p>(5) Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with subparagraphs (1) and (2), paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>i. A special reserve shall be set aside by the Company in accordance with Article 41, paragraph 1 of the Act against the difference between the transaction price of the real property <u>or right-of-use assets thereof</u> and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>ii. The audit committee shall comply with Article 218 of the Company Act.</p> <p>iii. Actions taken pursuant to paragraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>After the Company has set aside a special reserve <u>in accordance with</u> the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(6) When the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and if there is any of</p>	<p>evidence that the terms of the transaction are similar to the terms of completed <u>closings</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed <u>closings</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; <u>closings</u> involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>(5) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with subparagraphs (1) and (2), paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>i. A special reserve shall be set aside by the Company in accordance with Article 41, paragraph 1 of the Act against the difference between the transaction price of the real property <u>or right-of-use assets thereof</u> and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>ii. The audit committee shall comply with Article 218 of the Company Act.</p> <p>iii. Actions taken pursuant to paragraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>After the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(6) When the Company acquires real property from a related party and if there is any of the following circumstances, only the evaluation and procedure under paragraphs 1 and 2 of this Article are</p>	
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	<p>the following circumstances, only the evaluation and procedure under paragraphs 1 and 2 of this Article are required and the provisions about evaluation of the reasonableness of the transaction cost under subparagraphs (1), (2) and (3), paragraph 3 of this Article are not applicable:</p> <p>i. The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>ii. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>iii. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p><u>iv. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u></p> <p>4. When the Company <u>engages in below transactions</u> with its parent, subsidiary <u>or when subsidiaries in which the Company directly or indirectly holds 100% outstanding shares or total capital engage in below transactions</u>, the board of directors may authorize the Chairman to proceed to the extent of a certain amount, followed by ratification in the following board meeting:</p> <p><u>(i) Acquisition or disposal of equipment for business use or right-of-use assets thereof.</u></p> <p><u>(ii) Acquisition or disposal of real property right-of-use assets for business use.</u></p> <p>5. Where the position of independent director has been created by the Company in accordance with the rules, upon submission for discussion by the board of directors pursuant to paragraph 2, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>required and the provisions about evaluation of the reasonableness of the transaction cost under subparagraphs (1), (2) and (3), paragraph 3 of this Article are not applicable:</p> <p>i. The related party acquired the real property through inheritance or as a gift.</p> <p>ii. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>iii. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>4. When the Company acquires or disposes of equipment for business use from or to its parent <u>or</u> in case of acquisition or disposal of equipment for business use <u>among</u> subsidiaries.</p> <p>5. Where the position of independent director has been created by the Company in accordance with the rules, upon submission for discussion by the board of directors pursuant to paragraph 2, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	
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<p>Article 13</p>	<p>(Public Announcement and Regulatory Filing Deadlines and Details)</p> <p>1. Under any of the following circumstances in the acquisition or disposal of assets, the Company shall key in the relevant information on information filing website designated by the competent authority in the appropriate format and with the details as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event and keep relevant contract, minutes, register, appraisal report, accountant's, attorney's or securities dealer's opinion in the Company for at least 5 years unless otherwise provided by law:</p> <p>(1) Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4) Where equipment <u>or right-of-use assets thereof</u> for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount exceeds NT\$100 Million.</p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, <u>a disposal of receivables by a financial institution</u>, or an investment in the mainland China area</p>	<p>(Public Announcement and Regulatory Filing Deadlines and Details)</p> <p>1. Under any of the following circumstances in the acquisition or disposal of assets, the Company shall key in the relevant information on information filing website designated by the competent authority in the appropriate format and with the details as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event and keep relevant contract, minutes, register, appraisal report, accountant's, attorney's or securities dealer's opinion in the Company for at least 5 years unless otherwise provided by law:</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4) Where <u>the type of asset as</u> equipment for business use is acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount exceeds NT\$100 Million.</p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of government bonds.</p>	<p>Amendment in accordance with legislation.</p>
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<p>reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of <u>domestic</u> government bonds.</p> <p>ii. Where done by professional investors, securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (<u>excluding subordinated debt</u>) that are <u>offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>iii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(7) The amount of transactions under the previous six subparagraphs shall be calculated as follows:</p> <p>i. The amount of any individual transaction .</p> <p>ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>iii. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets thereof</u> within the same development project within the preceding year.</p> <p>iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year .</p> <p>2. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>3. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with paragraph 1, the</p>	<p>ii. Where done by professional investors, securities trading on <u>domestic or overseas</u> securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the <u>domestic</u> primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>iii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(7) The amount of transactions under the previous six subparagraphs shall be calculated as follows:</p> <p>i. The amount of any individual transaction .</p> <p>ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>iii. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p>iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>2. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>3. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with paragraph 1, the Company shall key in the relevant information on information filing website designated by the competent authority in the appropriate format and with the details as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p>	
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	<p>Company shall key in the relevant information on information filing website designated by the competent authority in the appropriate format and with the details as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>i. Change, termination, or rescission of a contract signed in regard to the original transaction.</li> <li>ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</li> <li>iii. Change to the originally publicly announced and reported information.</li> </ol>	<ol style="list-style-type: none"> <li>i. Change, termination, or rescission of a contract signed in regard to the original transaction.</li> <li>ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</li> <li>iii. Change to the originally publicly announced and reported information.</li> </ol>	
Article 14	<p>(Control Procedure for Acquisition or Disposal of Assets by Subsidiaries)</p> <ol style="list-style-type: none"> <li>1. Subsidiaries shall also carry out and execute the procedure for acquisition or disposal of assets in accordance with applicable provisions of this Procedure.</li> <li>2. Information required to be publicly announced and reported in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company.</li> <li>3. The paid-in capital or total assets of the Company shall be applicable to a subsidiary in determining whether, <u>relative to paid-in capital or total assets</u>, it reaches a threshold requiring public announcement and regulatory filing.</li> </ol>	<p>(Control Procedure for Acquisition or Disposal of Assets by Subsidiaries)</p> <ol style="list-style-type: none"> <li>1. Subsidiaries shall also carry out and execute the procedure for acquisition or disposal of assets in accordance with applicable provisions of this Procedure.</li> <li>2. Information required to be publicly announced and reported in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company.</li> <li>3. The paid-in capital or total assets of the Company shall be applicable to a subsidiary in determining whether, <u>in reference to 20% of paid-in capital or 10% of total assets of the company</u>, it reaches a threshold requiring public announcement and regulatory filing.</li> </ol>	Amendment in accordance with legislation.
Article 19	<p>(Date of Amendment)</p> <p>This Procedure was amended on <u>6 June 2019</u>.</p>	<p>(Date of Amendment)</p> <p>This Procedure was amended on <u>12 June 2018</u>.</p>	Specification on the date of amendment.

## Attachment 6

# Synnex Technology International Corporation

## Comparison Table of Amendment to Procedure for Derivatives Trading

Clause	Amended Clause	Existing Clause	Remarks
Article 2	<p>Article 2 (Type of Transactions)  “Derivatives” in this Procedure refers to <u>forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.  The Company is currently engaged in derivative products including forward contracts, options, futures contracts, swap contracts and hybrid contracts combining the above products. The engagement in transactions of any other product shall be subject to prior approval by the President and the Chairman.</p>	<p>Article 2 (Type of Transactions)  “Derivatives” in this Procedure refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from asset, interest rate, foreign exchange rate, index or other interest; or compound contracts combining the above products. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.  The Company is currently engaged in derivative products including forward contracts, options, futures contracts, swap contracts and hybrid contracts combining the above products. The engagement in transactions of any other product shall be subject to prior approval by the President and the Chairman.</p>	Amendment in accordance with legislation.
Article 17	<p>(Date of Amendment)  This Procedure was amended on <u>6 June 2019.</u></p>	<p>(Date of Amendment)  This Procedure was amended on 12 June 2015.</p>	Specification on the date of amendment.

## **Appendix 1**

# **Synnex Technology International Corporation**

## **Articles of Association**

### **Section 1 General**

**Article 1** The Company is organized as a stock limited company in accordance with the Company Act of the Republic of China and is named 聯強國際股份有限公司.

**Article 2** The Company operates below businesses:

1. F113050 Computer and business machine equipment wholesale business.
2. F118010 Information software wholesale business.
3. F113070 Telecommunications equipment wholesale business.
4. F119010 Electronic materials wholesale business.
5. F113110 Battery wholesale business.
6. F116010 Photography equipment wholesale business.
7. IE01010 Telecommunications account agency business.
8. CC01110 Computer and peripheral equipment manufacturing business.
9. JA02010 Electrical appliance and electronic product repair business.
10. F401021 Telecommunications controlled emission equipment import business.
11. F801010 Warehousing business.
12. F401010 International trade business.
13. I301010 Information software service business.
14. ZZ99999 Any business that is not restricted or prohibited by law, except businesses that require special approvals.
15. F108031 Medical equipment wholesale business.
16. F208031 Medical equipment retail business.

**Article 2-1** The total amount of Company's investment is not limited to 40% of paid-in capital as provided in Article 13 of the Company Act.

**Article 3** The Company has its main office in Taipei City, Republic of China, and may set up branch offices within and outside the territory of the Republic of China in locations that are deemed necessary or suitable by the Company for the development of its business.

**Article 4** The Company may provide guarantees as required for its business.

### **Section 2 Capital**

- Article 5** The Company's total capital is NT\$220 Million, divided into 2,200,000,000 shares (among which 50 Million shares are available for conversion of employee stock options), at NT\$10 per share. The board of directors will issue shares that are not yet outstanding as required through multiple issuances. The Taiwan Securities Central Depository Co., Ltd. may seek to combine securities and replace with securities of larger face value.
- Article 6** Share certificates of the Company shall be affixed with the signatures or seals of at least 3 directors of the Company, numbered and issued following the certification of the competent authority or an issue registration organization approved by the competent authority.  
New shares issued by the Company may be represented by share certificates printed in a combined manner representing the total number of shares issued under the relevant issuance, provided that they shall be deposited with a securities central depository organization.  
Shares issued by the Company may be without share certificates, provided that registration shall be made with a securities central depository organization.
- Article 7** All share certificates of the Company are registered share certificates, specifying each shareholder's real name. If a corporation's name is used, the real name and address of each shareholder and(or) representative shall be recorded in the shareholders register of the Company. In case of 2 or more joint shareholders, one of them shall be designated as the representative.
- Article 8** If any share certificate is lost or damaged, it shall be handled in accordance with applicable laws and the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.
- Article 9** To reissue new share certificates due to transfer of ownership, loss or destruction, the Company may collect a proper charge to cover printing cost or stamp duty.
- Article 10** Shareholders shall submit samples seals to the Company for registration, which shall be used for verification upon collection of dividend or exercise of shareholder rights.

**Article 11** Shareholder services such as transfer, creation of lien, loss declaration, succession or donation of shares, loss declaration or change of sample seals, change of address by shareholders and the exercise of all shareholder rights shall be governed by the Regulations Governing the Administration of Shareholder Services of Public Companies, unless otherwise provided by law or securities regulations.

**Article 12** No change to the shareholder register shall be made during a period of 60 days before any general shareholders meeting, 30 days before any special shareholders meeting and 5 days before the record date for the Company's decision to distribute dividend, bonus or other benefit.

### **Section 3 Shareholders Meetings**

**Article 13** Shareholders meetings of the Company are divided into two types:

- 1. General shareholders meetings;**
- 2. Special shareholders meetings.**

General shareholders meetings are held once a year within 6 months from the end of each accounting year.

Special shareholders meetings are held as required and are convened by the board of directors, unless otherwise provided by the Company Act.

**Article 14** A notice to convene a shareholders meeting shall be given to each shareholder 30 days before a general meeting and 15 days before a special meeting. The notice and public announcement shall specify the meeting date, location and agenda.

**Article 15** Unless otherwise provided by the Company Act, shareholder resolutions shall be approved by the majority of voting rights represented by shareholders attending a meeting that is attended by shareholders representing the majority of all outstanding shares.

**Article 16** (deleted)

**Article 17** Each shareholder of the Company is entitled to one voting right per share, provided that the Company is not entitled to voting right for its own shares held in accordance with the law.

**Article 18** Any shareholder who cannot attend a shareholders meeting in person may issue a proxy printed by the Company, specifying the scope of authorization, to designate a representative to attend the meeting on its behalf. Shareholder attendance by proxy shall be governed by the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority, unless otherwise provided in the Company Act.

**Article 19** Shareholder meetings shall be chaired by the chairman of the Company's board of directors. If the chairman is absent, one director shall chair the meeting on behalf of the chairman in accordance with Article 208 of the Company Act. If the meeting is convened by a person entitled to convene the meeting other than the board of directors, the meeting shall be chaired by such person. If 2 or more persons convened the meeting, one person shall be designated to chair the meeting.

**Article 20** Shareholder resolutions shall be recorded in minutes, with the signature or seal of the chairman affixed thereon, and sent to each shareholder within 20 days from the meeting.

The minutes shall record the year, month, date, location of the meeting, the name of the chairman, manner of resolution, main proceedings and conclusions of the meeting and shall be kept permanently during the validity period of the Company.

The distribution of minutes under the first paragraph shall be in accordance with the provisions of the Company Act.

Shareholder attendance register and proxies of attendance to shareholder meetings shall be kept for at least one year. However, if a lawsuit is filed by a shareholder in accordance with Article 189 of the Company Act, such documents shall be kept until the end of the lawsuit.

#### **Section 4 Directors**

**Article 21** The Company has 7 to 10 directors, among which at least 3 shall be independent directors.

The Company's directors are elected by the shareholders from a list of candidates under the candidate nomination system in accordance with the Company Act.

Director elections shall be carried out in accordance with Article 198 of the

**Company Act. Independent directors and non-independent directors shall be elected at the same time, with the number of elected directors calculated respectively. Those receiving ballots representing the most votes shall be elected as independent directors and non-independent directors.**

**Article 21-1 The Company has established an audit committee in accordance with Article 14-4 of the Securities Transaction Act. The audit committee is formed by all independent directors. The audit committee or the members thereof are responsible for performing the duties of supervisors in accordance with the Company Act, the Securities Transaction Act and other laws.**

**Article 22 Director terms are 3 years. The same director may be re-elected upon expiry of the term.**

**Article 23 Directors of the Company shall be elected by shareholders meetings from among persons with legal capacities. Liability insurance shall be purchased through board resolution for elected directors. The board of directors is authorized to determine directors' remuneration in accordance with the common standards in the industry. The total number of registered shares of the Company held by all directors shall established in accordance with the standards provided in the Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies.**

**Article 24 The directors shall elect one person as the chairman from among themselves.**

**Article 25 The chairman acts as the Company's representative.**

**Article 26 Other than the first meeting of a newly elected term, which shall be convened by the director who has received the most votes, board meetings shall be convened and chaired by the chairman. A notice shall be given by the person convening the meeting to each director at least 7 days before the meeting. In case of emergency, board meetings may be convened at any time without above notice procedure. The above notice may be given in writing, by email or by fax. Board meetings may be held within or outside the territory of the Republic of China.**

**Article 27 Board meetings shall be chaired by the chairman. If the chairman is absent, one director shall act as the chairman in accordance with Article 208 of the Company Act.**

**Article 28** Each director is entitled to one voting right. Unless otherwise provided by law, any board resolution shall be approved by the majority of directors attending a meeting that is attended by a quorum equivalent to the majority of all directors. If there is an equal number of votes for and against a proposal, the chairman is not entitled to a casting vote. The same when there is an equal number of votes for and against a proposal in a shareholders meeting.

**Article 29** Director may give a written authorization for another director to attend a board on his/her behalf and to exercise voting rights on all matters in the meeting, provided that each director shall represent no more than one other director.

**Article 30** Directors exercise their duties through resolutions in board meetings.

**Article 31** When a board meeting is held through video conference, any director who participates in the meeting through video conference shall be deemed to have attended the meeting in person.

**Article 32** (deleted).

**Article 33** The board of directors has one secretary, who shall be responsible for all important documents, contracts and share certificates of the board of directors and the Company.

## **Section 5 Personnel**

**Article 34** The Company has managers, with titles to be determined in accordance with the Company's requirements. Managers shall be hired and dismissed by the board of directors through the majority of directors attending a meeting that is attended by the majority of all directors.

**Article 35** Managers selected by the Company shall carry out the tasks assigned by the board of directors. If there is no such assignment by the board of directors, they shall carry out the tasks assigned by the chairman.

**Article 36** The board of directors may hire other management personnel and prescribe

their tasks.

## **Section 6 Financial Reports**

**Article 37** The Company's accounting year is from 1 January of each year to 31 December of the same year. The board of directors shall prepare below statements at the end of each accounting year and submit them to the general shareholders meeting for approval:

1. Business report;
2. Financial statements;
3. Profit distribution or loss compensation proposal.

**Article 38** To incentivize employees and operating teams, after the Company's profit before tax of the current year before deduction for employee remuneration, director remuneration is used to compensate losses, the remaining amount, if any, shall be provided up to 10% as employee remuneration and up to 0.01% as director remuneration. Employee remuneration may be in the form of stocks or cash. Director remuneration shall be in the form of cash. Both employee and director remunerations shall be subject to approval by the majority of directors attending a board meeting that is attended by at least 2/3 directors. If employee remuneration is paid in stock, distribution may also be made to employees of subsidiaries of the Company who meet certain conditions. The Chairman is authorized to determine such conditions.

**Article 38-1** The Company is in an industry with evolving environment and the current enterprise life cycle is in the stage of growth. In consideration of the Company's business environment, long-term financial planning, future funding requirements and the protection for shareholders' and investors' interest, if the Company has profit at annual closing, past losses and taxes shall first be compensated and paid. Then 10% shall be provided as legal reserve and special reserve shall be provided according to the debit amount of shareholders' equity in the current year. The board of directors shall prepare a proposal to distribute the remaining amount, together with the accumulated non-distributed profit in the beginning of the period. Such proposal shall be submitted to the shareholders meeting for approval.

The percentages of the above profit provisions and the percentage of shareholder cash dividend may be determined by the board of directors in consideration of the capital reserve, profit reserve and future profitability, as well as the Company's future development. Necessary investment plans that may increase profitability or that may require financing may be funded through capital increase through profit or through capital reserve. If the capital expansion has an impact on the level of dividend, then adjustment shall be made under the corresponding principle of cash distribution, provided that the percentage of cash dividend shall not be less than 15% of the shareholder dividend issued.

**Section 7      Miscellaneous**

**Article 39      The internal organization and business operation of the Company shall be in accordance with resolutions of the board of directors.**

**Article 40      Any matter that is not provided in these Articles of Association shall be governed by the provisions of the Company Act of the Republic of China.**

**Article 41      These Articles of Association were established by all founders on 1 September 1988 and takes official effect following the approval by the competent authority. The same shall be applicable to amendments. The first amendment was made on 27 September 1990. The second amendment was made on 18 June 1991. The third amendment was made on 6 April 1992. The fourth amendment was made on 18 March 1993. The fifth amendment was made on 22 October 1993. The sixth amendment was made on 11 May 1994. The seventh amendment was made on 20 May 1995. The eighth amendment was made on 28 March 1996. The ninth amendment was made on 18 April 1997. The tenth amendment was made on 18 April 1998. The eleventh amendment was made on 13 May 1998. The twelfth amendment was made on 7 May 1999. The thirteenth amendment was made on 2 May 2000. The fourteenth amendment was made on 11 May 2001. The fifteenth amendment was made on 21 May 2003. The sixteenth amendment was made on 28 May 2003. The seventeenth amendment was made on 10 June 2005. The eighteenth amendment was made on 13 June 2007. The nineteenth amendment was made on 11 June 2008. The twentieth amendment was made on 17 June 2010. The twenty-first amendment was made on 10 June 2011. The twenty-second amendment was made on 13 June 2012. The twenty-third amendment was made on 11 June 2014. The twenty-fourth amendment was made on 12 June 2015. The twenty-fifth amendment was made on 8 June 2016. The twenty-sixth amendment was made on 7 June 2017. The twenty-seventh amendment was made on 12 June 2018.**

## Appendix 2

# Synnex Technology International Corporation Procedure for Acquisition or Disposal of Assets

### Article 1 (Basis)

This Procedure is established in accordance with the regulations of the competent authority and requirements of operation management.

### Article 2 (Scope of Application)

The term "assets" as used in this Procedure includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Derivatives.
6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
7. Funds advanced to subsidiaries in the nature of long-term investment.
8. Other major assets.

Matters related to the acquisition and disposal of the above assets are governed by this Procedure.

### Article 3 (Definitions)

1. **Derivatives:** Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from asset, interest rate, foreign exchange rate, index or other interest; or compound contracts combining the above products. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. **Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law:** Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 56, paragraph 8 of the Company Act.
3. **Related party or subsidiary:** As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. **Professional appraiser:** Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. **Date of occurrence:** Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of

- receipt of approval by the competent authority shall apply.
6. **Mainland China area investment:** Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
  7. **"Within the preceding year"** as used in this Procedure refers to the year preceding the date of occurrence of the current transaction. Items already filed, for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained or which have been submitted to the audit committee or the board of directors for approval need not be counted toward the transaction amount.
  8. **"Most recent parent company only financial report or individual financial report"** as used in this Procedure refers to financial statements of the Company for the most recent period certified or reviewed by a certified public accountant.
  9. For the calculation of **"10 percent of total assets"** under this Procedure, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
  10. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under this Procedure, 10 percent of equity attributable to owners of the parent shall be substituted.

#### **Article 4 (Independence of Experts)**

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be related parties.

#### **Article 5 (Procedure for Acquisition and Disposal of Securities)**

##### **1. Evaluation and Procedure**

The Company's purchase and sale of securities investments shall be done in accordance with applicable procedures. The Finance Department shall provide an evaluation report and shall acquire the financial report of the most recent target company only financial report or individual financial report or other relevant information as the basis for evaluation.

##### **2. Decision Procedure for Transaction Terms and Authorized Amount**

Each transaction shall be approved by the President or the Chairman. Any transaction with an amount over NT\$300 Million shall be submitted to the board of directors for approval. However, for fixed-income investments, such as term deposits, drafts, commercial papers, negotiable term deposit certificates and domestic money market funds, the President is authorized to grant approval.

##### **3. Execution Department**

After the Company's investment in securities is approved in accordance with the approval authority under the previous paragraph, the Finance Department shall be responsible for execution.

##### **4. Expert Opinion**

In acquiring or disposing of securities, if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with

the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.

5. The advance of funds in the nature of long-term investments is governed by this Article.

**Article 6 (Procedure for Acquisition and Disposal of Real Property, equipment or right-of-use assets)**

1. **Evaluation and Procedure:**

The acquisition or disposal of real property and equipment by the Company shall be carried out by the user department and relevant responsible department in accordance with applicable procedures.

2. **Decision Procedure for Transaction Terms and Authorized Amount**

- (1) To acquire or dispose of real property, reference shall be made to published current value, appraised value and actual transaction price for real properties in the vicinity in order to determine the transaction terms and transaction price.
- (2) Equipment shall be acquired or disposed of through price enquiry, price comparison, price negotiation or tender.
- (3) If the transaction amount is more than NT\$15 Million, it shall be approved by the President. If the amount of more than NT\$200 Million, it shall be approved by the Chairman. If the amount is more than NT\$300 Million, it shall be submitted to the board of directors for approval.

3. **Execution Department**

When the Company acquires or disposes of real property or equipment, after approval is granted in accordance with the approval authority under the previous paragraph, the user department and management department shall be responsible for execution.

4. **Appraisal Report for Real Property or Equipment**

Where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is the terms and conditions of the transaction change.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.
  - i. The discrepancy between the appraisal result and the transaction amount is 20

- percent or more of the transaction amount.
  - ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser

#### **Article 7 (Investment Limit Amount)**

1. Neither the total nor individual amount of investment in securities by the Company and its subsidiaries shall exceed 150% of the shareholders' equity belonging to the parent company in the most recent parent company only financial report or individual financial report prepared by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the amount of investment in individual securities shall not exceed 150% of the above shareholders' equity belonging to the parent company.
2. Neither the total nor individual amount of real property held by the Company and its subsidiaries shall exceed 10% of the shareholders' equity belonging to the parent company in the most recent parent company only financial report or individual financial report prepared by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Article 8 (Procedure for Acquisition and Disposal of Membership, Intangible Assets and Other Important Assets)**

1. **Evaluation and Procedure:**

The acquisition of membership, intangible assets and other important assets by the Company shall be carried out by the user department and relevant responsible departments of the Company in accordance with applicable procedures.
2. **Decision Procedure for Transaction Terms and Authorized Amount**
  - (1) Membership, intangible assets and other important assets shall be acquired or disposed of through price enquiry, price comparison, price negotiation or tender.
  - (2) If the transaction amount is more than NT\$15 Million, it shall be approved by the President. If the amount of more than NT\$200 Million, it shall be approved by the Chairman. If the amount is more than NT\$300 Million, it shall be submitted to the board of directors for approval.
3. **Execution Department**

When the Company acquires or disposes of membership, intangible assets and other important assets, after approval is granted in accordance with the approval authority under the previous paragraph, the user department and management department shall be responsible for execution.
4. **Expert Opinion**

In acquiring or disposing of membership and intangible assets, if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, unless transacting with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.

#### **Article 9 (Procedure for Transaction with Related Parties)**

- 1. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, in addition to the procedure for the acquisition of real property under Article 6, the Company shall also carry out relevant resolution procedure and evaluate the reasonableness of the transaction terms in accordance with the following. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered**
- 2. When the Company intends to acquire or dispose of assets under paragraph 1 of this Article from or to a related party, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and submitted to the board of directors for approval:**
  - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.**
  - (2) The reason for choosing the related party as a transaction counterparty.**
  - (3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with subparagraphs (1) and (4), paragraph 3 of this Article.**
  - (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.**
  - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.**
  - (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.**
  - (7) Restrictive covenants and other important stipulations associated with the transaction.**
- 3. Appraisal of Reasonableness of Transaction Cost**
  - (1) When the Company acquires real property from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:**
    - i. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.**
    - ii. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.**
  - (2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding**

paragraph.

- (3) When the Company acquires real property from a related party and appraises the cost of the real property in accordance with the preceding subparagraphs (1) and (2), paragraph 3 of this Article, it shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) When the Company acquires real property from or to a related party and the results of the Company's appraisal conducted in accordance with subparagraphs (1) and (2), paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph (5), paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

  - i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

    - (i) Where undeveloped land is appraised in accordance with the means in subparagraphs (1) and (2) paragraph 3 of this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - (ii) Completed closings by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.
    - (iii) Leases cases by unrelated parties within the preceding year involving other floors of the same property, after calculation of reasonable price discrepancies in floor in accordance with standards property market lease practices.
  - ii. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed closings involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed closings involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; closings involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.
- (5) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with subparagraphs (1) and (2), paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken:

  - i. A special reserve shall be set aside by the Company in accordance with Article 41, paragraph 1 of the Act against the difference between the transaction price of the real property or right-of-use assets thereof and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.

- ii. The audit committee shall comply with Article 218 of the Company Act.
- iii. Actions taken pursuant to paragraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

After the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- (6) When the Company acquires real property from a related party and if there is any of the following circumstances, only the evaluation and procedure under paragraphs 1 and 2 of this Article are required and the provisions about evaluation of the reasonableness of the transaction cost under subparagraphs (1), (2) and (3), paragraph 3 of this Article are not applicable:
  - i. The related party acquired the real property through inheritance or as a gift.
  - ii. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
  - iii. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
- 4. When the Company acquires or disposes of equipment for business use from or to its parent or in case of acquisition or disposal of equipment for business use among subsidiaries.
- 5. Where the position of independent director has been created by the Company in accordance with the rules, upon submission for discussion by the board of directors pursuant to paragraph 2, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

#### **Article 10 (Procedure for Derivatives Trading)**

The Company shall engage in derivatives trading in accordance with the Procedure for Derivatives Trading established by the Company.

#### **Article 11 (Procedure for Merger, Demerger, Acquisition or Share Transfer)**

##### **1. Evaluation and Procedure**

(1) When the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

(2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion

referred to in subparagraph (1), paragraph 1 of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. However, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

## **2. Other Matters**

**(1) Date of Board or Shareholders Meeting:** A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

- i. **Basic identification data for personnel:** Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information:
- ii. **of material events:** Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- iii. **Important documents and minutes:** Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report in the prescribed format through the Internet-based information system the information set out in above paragraphs 1 and 2 to the competent authority for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraphs.

**(2) Prior Confidentiality Undertaking:** Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company

related to the plan for merger, demerger, acquisition, or transfer of shares.

**(3) Principles for Establishment and Change of Share Swap Ratio or Acquisition Price:** The share exchange ratio or acquisition price shall not be arbitrarily altered unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

i. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

ii. An action, such as a disposal of major assets, that affects the company's financial operations.

iii. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

iv. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

v. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

vi. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

**(4) Contract Provisions:** The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

i. Handling of breach of contract.

ii. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

iii. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

iv. The manner of handling changes in the number of participating entities or companies.

v. Preliminary progress schedule for plan execution, and anticipated completion date.

vi. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

**(5)** After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

**(6)** Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of subparagraphs (1), (2) and (5), paragraph 2 of this Article.

## **Article 12 (Auction Procedure)**

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

## **Article 13 (Public Announcement and Regulatory Filing Deadlines and Details)**

- 1. Under any of the following circumstances in the acquisition or disposal of assets, the Company shall key in the relevant information on information filing website designated by the competent authority in the appropriate format and with the details as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event and keep relevant contract, minutes, register, appraisal report, accountant's, attorney's or securities dealer's opinion in the Company for at least 5 years unless otherwise provided by law:**
  - (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.**
  - (2) Merger, demerger, acquisition, or transfer of shares.**
  - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.**
  - (4) Where the type of asset as equipment for business use is acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount exceeds NT\$100 Million.**
  - (5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the amount the company expects to invest in the transaction reaches NT\$500 million.**
  - (6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:**
    - i. Trading of government bonds.**
    - ii. Where done by professional investors, securities trading on domestic or overseas securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.**
    - iii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.**
  - (7) The amount of transactions under the previous six subparagraphs shall be calculated as follows:**
    - i. The amount of any individual transaction .**

- ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
  - iii. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.
  - iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
2. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
3. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with paragraph 1, the Company shall key in the relevant information on information filing website designated by the competent authority in the appropriate format and with the details as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
  - i. Change, termination, or rescission of a contract signed in regard to the original transaction.
  - ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - iii. Change to the originally publicly announced and reported information.

#### **Article 14 (Control Procedure for Acquisition or Disposal of Assets by Subsidiaries)**

1. Subsidiaries shall also carry out and execute the procedure for acquisition or disposal of assets in accordance with applicable provisions of this Procedure.
2. Information required to be publicly announced and reported in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company.
3. The paid-in capital or total assets of the Company shall be applicable to a subsidiary in determining whether, in reference to 20% of paid-in capital or 10% of total assets of the company, it reaches a threshold requiring public announcement and regulatory filing.

#### **Article 15 (Directors' Objections)**

With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee.

#### **Article 16 (Sanction)**

Any manager or processing staff who breaches this Procedure shall be subject to sanctions in accordance with the Procedure for Employee Rewards and Sanctions of the Company depending on the level of gravity.

**Article 17 (Applicable Laws)**

**Matters not stipulated in this Procedure are governed by applicable laws.**

**Article 18 (Implementation and Amendment)**

**This Procedure shall be approved by the audit committee, submitted to the board of directors for approval and further submitted to the shareholders meeting for approval.**

**The same shall be applicable to any amendment.**

**expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee.**

**Article 19 (Date of Amendment)**

**This Procedure was amended on 12 June 2018**

## Appendix 3

# Synnex Technology International Corporation

## Procedure for Derivatives Trading

### Article 1 (Basis)

This Procedure is established in accordance with the regulations of the competent authority and the requirements of operation management.

### Article 2 (Type of Transactions)

“Derivatives” in this Procedure refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from asset, interest rate, foreign exchange rate, index or other interest; or compound contracts combining the above products. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. The Company is currently engaged in derivative products including forward contracts, options, futures contracts, swap contracts and hybrid contracts combining the above products. The engagement in transactions of any other product shall be subject to prior approval by the President and the Chairman.

### Article 3 (Operation and Hedging Strategies)

Engagement of derivatives trading shall be to hedge risks in principle. The products chosen shall be mainly to avoid the risks incurred from the operation of the Company’s business. In addition, to the extent possible, the selected trading counterparties shall be financial institutions with business dealings with the Company in order to avoid credit risk.

### Article 4 (Division of Responsibilities)

#### 1. Finance Department

As the hub of the financial risk management system, the department must control at all times information collection from the financial market, judgement of trends and risks, familiarity with financial products, rules and legislations and operating skills and shall provide sufficient and timely information to management, sales, procurement and accounting departments as reference. The department shall also follow the instructions and management authorizations from the highest-level finance executive and perform financial risk management in accordance with the Company’s policies.

In terms of funding allocation, funds shall be used in accordance with the limits with financial institutions and cash flows shall be calculated in detail. Products used for hedging purpose must also be settled through funding allocation. For the forecast of positions, please use information provided by the procurement and sales departments.

#### 2. Accounting Department

Reflect hedging transactions and loss/profit results in a correct and proper manner in the financial statements in accordance with applicable rules (such as Financial Accounting Standards, etc.)

### Article 5 (Transaction Limit Amounts)

#### 1. Total Limit:

The total contract amount of foreign exchange transactions shall not exceed the total amount of the Company’s net position of exposure to import/export foreign currency risk. Such position may be known from the asset and debt under the balance sheet, the income and expense under the profit and loss statement and the foreign exchange position

statistics table. Total amount of other contracts shall not exceed US\$10 Million. Any excess amount shall be subject to the approval by the board of directors.

**2. Total and Individual Contract Loss Limit:**

The Company engages in derivatives trading for hedging purpose in principle and shall not engage in speculative transactions. Loss limit for individual contract shall not exceed US\$300,000. Loss limit for all contracts shall not exceed US\$3 Million. Any excess amount shall be subject to the approval by the board of directors.

**Article 6 (Performance Evaluation)**

- 1. Loss and profit targets for exchange rate contracts shall be determined based on the position of the foreign currency and such target shall be included in performance review for regular verification.
- 2. Finance operating staff shall make their best efforts to achieve the targets established for the types of financial products and the loss and profit targets. Such achievement shall be used as the basis for performance evaluation.
- 3. In the beginning of each month, finance operating staff shall provide foreign exchange positions and evaluation reports on other contract products for management and reference by the accounting department and finance executive.

**Article 7 (Procedure)**

**1. Authorized Amount**

**Routine foreign exchange transactions**

The table of authorized amount is established based on the growth of the Company's turnover and risk management and takes effect after approval by the Chairman. Such table shall be submitted to the following board meeting for records. The same shall be applicable to any amendment.

<b>Authorized Unit</b>	<b>Single Closing Amount (US\$)</b>
<b>Chairman</b>	<b>10 Million and above</b>
<b>President</b>	<b>5 to 10 Million (inclusive)</b>
<b>Highest-Level Finance Executive</b>	<b>1 to 5 Million (inclusive)</b>
<b>Finance Manager</b>	<b>(Below) 1 Million</b>

The closing amount must be approved by the person with relevant authority. Positions in any other currency shall also be subject to the same rules in the above table.

**2. Execution Unit**

Execution by the Finance Department, provided that transactions are subject to approvals in accordance with the authority.

**3. Execution Process Flow**

Please refer to Attachment.

**Article 8 (Establishment of Register)**

The Company shall establish a register for derivatives trading, recording in detail for reference the types and amounts of derivatives traded, dates of board approvals and the matters subject to careful evaluation in accordance with paragraph 3 of Article 9 and subparagraph (2), paragraph 1 and subparagraph (1), paragraph 2 of Article 10.

**Article 9 (Internal Control System)**

**1. Risk Management Measures**

- i. **Consideration for Credit Risk:** The selected transaction counterparty shall be financial institutions having dealings with the Company, with low credit risk and providing professional information in principle. Statements of transactions shall be provided on regular basis.
- ii. **Consideration for Market Risk:** Trading staff shall control status of change on the transaction markets, diversify among different financial products and verify at all times whether the total transaction amount is within the limit amount provided under this Procedure.
- iii. **Consideration for liquidity:** To ensure liquidity, financial institutions engaging in the transactions must have sufficient equipment, information and trading ability to transact in any market.
- iv. **Consideration for Procedure:** The authorized amount and process flow shall be duly complied with in order to avoid procedural risk.
- v. **Legal Risk:** Documents signed with any financial institution must be reviewed by the legal department before they are officially signed in order to avoid legal risk.
- vi. **Product Risk:** Internal trading staff and the counterpart financial institution shall possess full and correct professional knowledge about the financial products traded. Financial institutions shall be required to fully disclose the risks in order to avoid losses due to misuse of financial products.
- vii. **Cash settlement risk:** In addition to compliance with the rules under the limit amount table, authorized trading staff shall also exercise due care at all times to the Company's cash flow to ensure that there is sufficient cash for payment at the time of closing.
- viii. **Risk evaluation, supervision and control staff shall be under different departments as the trading staff and operating staff for confirmation and closing and shall report to top executive in the board of directors who is not responsible for decisions on trading or positions.**

## **2. Internal Control**

- i. **Trading staff shall not also work as confirmation or closing staff.**
- ii. **Trading staff shall provide proof of trading or contracts to the accounting staff for records.**
- iii. **Accounting staff shall reconcile accounts with financial institutions in accordance with confirmations or transaction records provided by the financial institutions.**
- iv. **Finance staff shall verify at all times whether the total transaction amount has exceeded the limit under Article 5 of this Procedure.**
- v. **At the end of each month, the finance department shall prepare a statement showing profit and loss forecast based on the closing foreign exchange rates on the day and other information and provide such statement to the accounting department for verification and adjustment to account entries in accordance with relevant rules. Such statement shall also be provided to the highest-level executive of the finance department and senior management as management reference.**

## **3. Regular Evaluation**

**Hedging transactions required for business shall be evaluated twice a month. The evaluation report shall be submitted to the high-level executive authorized by the board of directors.**

## **Article 10 (Supervision by Board of Directors)**

1. **The board of directors shall supervise and manage derivatives trading under the following principles:**
  - (1) **Designation of high-level executive to supervise and control the risks of derivatives trading at all times.**

- (2) Regular evaluation as to whether the performance of derivatives trading is consistent with established operating strategies and whether the risks undertaken are within the Company's scope of tolerance.
2. The high-level executive authorized by the board of directors shall manage derivatives trading under the following principles:
  - (1) Regular evaluation as to whether the risk management measures currently in use are appropriate and compliant with this Procedure and applicable laws.
  - (2) Supervise trading and loss and profit status. If any anomaly is discovered, undertake necessary corresponding measures and immediately report to the board of directors. If there are independent directors, independent directors must have attended the board meeting and stated their opinions.

#### **Article 11 (Internal Audit system)**

Internal audit staff shall understand the appropriateness of internal control on regular basis, perform monthly audit on the compliance of this Procedure by the trading department and prepare audit reports. If any material breach is discovered, a written notice shall be given to the audit committee.

#### **Article 12 (Public Filing Deadline and Details)**

The Company shall upload information of derivatives trading by the Company and its subsidiaries that are not domestic listed companies as of the end of the previous month in the prescribed format and details to the information filing website designated by the competent authority before the 10<sup>th</sup> day of each month.

#### **Article 13 (Control Procedure for Derivatives Trading by Subsidiaries)**

1. Each subsidiary shall establish the procedure for derivatives trading in accordance with the applicable provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
2. Each subsidiary shall report to the Company information related to derivatives trading in the previous month before the 10<sup>th</sup> day of each month.

#### **Article 14 (Sanctions)**

Any manager or processing staff who breaches this Procedure shall be sanctioned in accordance with the Company's Procedure for Employee Rewards and Sanctions depending on the level of gravity.

#### **Article 15 (Applicable Laws)**

Any matter that is not fully stipulated in this Procedure shall be governed by applicable laws.

#### **Article 16 (Implementation and Amendment)**

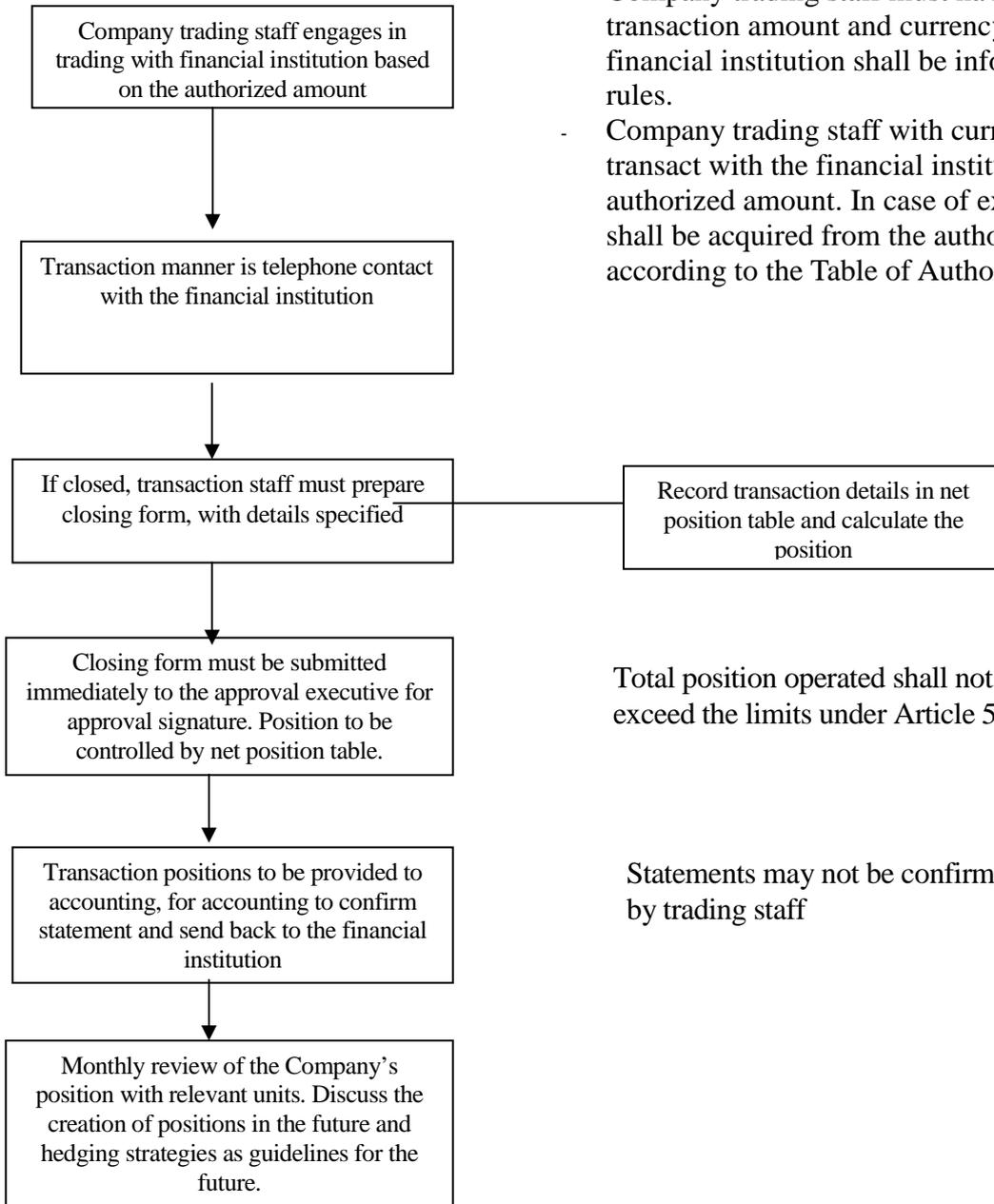
This Procedure shall be approved by the board of directors, submitted to each supervisor and further submitted to the shareholders meeting for approval. The same shall be applicable in case of amendment. If any director voices any objection with records or written statements, the Company shall submit such objection to the audit committee.

When the Procedure for Derivatives Trading is submitted to the board of directors for discussion in accordance with the previous paragraph, the opinions of each independent director shall be fully taken into consideration. Any objection or reservation opinions by the independent director shall be specified in the minutes of the board meeting.

#### **Article 17 (Date of Amendment)**

This procedure was amended on 12 June 2015

**Attachment:**



**Key Points and Internal Control Guidelines**

- Company trading staff must have authority for the transaction amount and currency rules. The financial institution shall be informed of such rules.
- Company trading staff with current authority shall transact with the financial institution based on authorized amount. In case of excess, approval shall be acquired from the authorized executive according to the Table of Authorized Amount.

Total position operated shall not exceed the limits under Article 5

Statements may not be confirmed by trading staff

## **Appendix 4**

# **Synnex Technology International Corporation Rules of Procedure for Shareholders Meetings**

- 1. Unless otherwise provided by law, shareholders meetings of the Company are governed by these Rules.**
- 2. The Company shall put in place an attendance register for signatures by shareholders attending the meeting. Alternatively, attending shareholders may submit attendance cards in lieu of signatures.**
- 3. Attendance and voting in shareholders meeting shall be based on the number of shares.**
- 4. The location for shareholders meetings of the Company shall be the place where the Company is located or locations that are convenient for shareholders' attendance and suitable for holding a shareholders meeting. The start time of the meeting shall be no earlier than 9 am or later than 3pm.**
- 5. If the shareholders meeting is convened by the board of directors, the chairman of the board of directors shall chair the meeting. If the chairman is on leave or cannot perform his duties due to any reason, the vice chairman shall act on his behalf. If there is no vice chairman or if the vice chairman is also on leave or cannot perform his duties due to any reason, the chairman shall designate one managing director to act on his behalf. If there is no managing director, one director shall be designated. If the chairman does not make such designation, one person shall be designated by the managing directors or the directors from among themselves.  
If the shareholders meeting is convened by a person entitled to convene the meeting other than the board of directors, such person shall chair the meeting.**
- 6. The Company may designate attorneys, accountants or relevant staff hired by the Company to seat in shareholders meetings. Staff members of the shareholders meeting shall wear identification badges or armbands.**
- 7. The Company shall make full audio or video recordings of the entire shareholders meeting and shall keep such recording for at least one year.**
- 8. The chairman shall announce the start of the meeting at the time of the meeting. However, if less than shareholders representing the majority of all outstanding shares are present, the chairman may announce the meeting adjourned. There shall be no more than 2 adjournments and the total time of adjournments shall not exceed one hour. After the quorum is still not constituted after 2 adjournments and there are shareholders representing 1/4 of more total outstanding shares present, a provisional resolution may be passed in accordance with Article 175 of the Company Act.  
Before the end of the current meeting, if the attending shareholders represent the majority of all outstanding shares, the chairman may submit the provisional resolution passed to the meeting for**

second voting in accordance with Article 174 of the Company Act.

9. If the shareholders meeting is convened by the board of directors, the agenda shall be determined by the board of directors. The meeting shall proceed in accordance with the agenda scheduled and no change shall be made without a shareholder resolution.

When a shareholders meeting is convened by a person entitled to convene the meeting other than the board of directors, the previous paragraph shall apply *mutatis mutandis*.

Before the agenda scheduled under the previous two paragraphs is completed (including motions), the chairman shall not announce the close of the meeting without a resolution.

After a meeting is closed, the shareholders shall not further elect a chairman and continue the meeting in the same or other location. However, if the chairman breached the meeting rules and announces closure of the meeting, a person may be elected as chairman by the majority of voting rights by attending shareholders to continue the meeting.

10. Before any attending shareholder speaks, a speaking note must first be completed, specifying the main points of the speech and the shareholder account number (or attendance card number) for the chairman to determine the sequence of speech.

If an attending shareholder submits a speaking note but does not speak, it shall be deemed that the shareholder has not spoken. If the speech is inconsistent with the specifications of the speaking note, the speech shall prevail.

When a shareholder speaks, the other shareholders shall not speak and interfere unless consented by the chairman and the speaking shareholders. Any breach shall be prevented by the chairman.

11. Each shareholder shall speak no more than twice about the same proposal unless the chairman agrees. Each speech shall not exceed 5 minutes. The chairman may stop any speech that breaches the above provision or goes beyond the scope of the proposal.

12. When a corporation attends a shareholders meeting under proxy, such corporation shall designate no more than 1 person to attend the meeting.

When a corporate shareholder designates 2 or more persons to attend the shareholders meeting on its behalf, only one person may speak on each proposal.

13. After an attending shareholder speaks, the chairman may provide a reply or designate relevant staff to provide a reply.

14. If the chairman considers that there has been sufficient discussion on a proposal to put the proposal to vote, he may announce a closure of discussion and put the proposal to vote.

15. The chairman shall designate vote supervisors and vote counters for the voting on a proposal, provided that vote supervisors must be shareholders. The results of the vote shall be announced on site and shall be recorded.

16. The chairman may announce break time during the meeting.

17. In a shareholders meeting convened by the Company, shareholders may choose to exercise their voting rights in written or electronic manners. The relevant manners of exercise shall be governed by the Company Act and other applicable laws.

**Unless otherwise provided by the Company Act and the Articles of Association, a proposal is passed when it is approved by the majority of voting rights of attending shareholders. If the chairman makes an enquiry and if there is no objection, the proposal shall be deemed passed, with the same effect as a vote.**

- 18. If the same proposal has an amended version or substitute version, the chairman shall determine the sequence of voting of such versions, together with the original proposal. If one proposal has been approved, the others shall be deemed rejected and there is no need for further votes.**
- 19. The chairman may order disciplinary (or security) staff to assist with the maintenance of order in the meeting site. While assisting with the maintenance of order, disciplinary (or security) staff shall wear armbands showing “disciplinary staff”.**
- 20. These Rules are implemented following approval by the shareholders meeting. The same shall be applicable to any amendment. The third amendment was approved by general shareholders meeting on 12 June 2015.**

## Appendix 5

### Impact of share allocation without consideration proposed in this shareholders meeting on the Company's operating performance and earnings per share

Year		2019 (Forecast)
Item		(2018 Profit Distribution)
Paid-in capital at beginning of period (\$1,000)		16,679,470
Dividend distribution in current year	Cash dividend per share (\$)	2.0
	Number of shares allocated per existing share in capital increase through conversion of earnings (\$)	-
	No. of shares allocated per existing share in capital increase through conversion of capital reserve (\$)	-
Change in Operating Performance	Operating Profit (\$1,000)	Not applicable  (Note)
	Increase (decrease) percentage in operating profit from last year	
	Net profit after tax (\$1,000)	
	Increase (decrease) percentage in net profit after tax compared to same period last year	
	Earnings per share (\$)	
	Increase (decrease) percentage in earnings per compared to same period last year	
	Annualized investment rate of return (reverse number of annualized PE ratio)	
Simulated earnings per share and PE ratio	If cash dividend is issued in lieu of capital increase through conversion of earnings	Simulated earnings per share (\$)
		Simulated annualized investment rate of return
	If capital increase through conversion of capital reserve does not take place	Simulated earnings per share (\$)
		Simulated annualized investment rate of return
If conversion of	Simulated earnings per share (\$)	

<p>capital reserve does not take place and cash dividend is issued in lieu of capital increase through conversion of earnings</p>	<p>Simulated annualized investment rate of return</p>	
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**Note: The Company has not published its 2019 financial forecast. Therefore there is no information on 209 forecasts. 2018 allocation of stock dividend is shown based on profit distribution proposal approved by board resolution.**

## Appendix 6

### Shareholding by All Directors

Record Date: 8 April 2019

Title	Name		No. of shares held on start of share transfer blackout period			Remarks
			Type	No. of Shares	% of total outstanding shares	
Chairman	Miao, Feng-Chiang		Ordinary Shares	28,452,004	1.71%	
Director	Yang, Hsiang-Yun	Representative of MITAC Inc.		240,827,054	14.44%	
Director	Chou, De-Ching					
Director	Du, Shu-Wu			36,156,381	2.17%	
Independent Director	Wei, Yong-Ling			0	0.00%	
Independent Director	Chiao, You-Chung			0	0.00%	
Independent Director	Chang, An-Ping			0	0.00%	
<b>Total</b>				<b>305,435,439</b>		

Total number of outstanding shares on 8 April 2019: 1,667,946,968 shares

Note 1: Statutory minimum number of shares to be held by all directors: 40,030,727 shares. 305,435,439 shares held as of 8 April 2019.

Note 2: The Company has an audit committee. Thus minimum number of shares held by supervisors is not applicable.

**Company Spokesperson**

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