Stock code: 2347

SYNNEX

Synnex Technology International Corporation

2017 Annual Review

www.synnex-grp.com

mops.twse.com.tw

Spokesperson
Evans S.W. Tu
President
(02) 2506-3320
oliverwy@synnex.com.tw

Deputy Spokesperson
Oliver Chang
AVP Financial
(02) 2506-3320
oliverwy@synnex.com.tw

Headquarters
4F, No.75, Sec. 3, Minsheng E. Rd., Taipei 104, Taiwan, R.O.C.
(02) 2506-3320

Kaohsiung branch
12F-2., No.290, Ersheng 1st Rd., Kaohsiung, Taiwan, R.O.C.
(07) 716-1001

Hong Kong branch
14F, Hutchison House, Hong Kong
(852) 2846-1888

Linkuo logistics center
No.15, Dinghu 9th St., Guishan Township, Taoyuan County, Taiwan, R.O.C
(03) 328-9201

Taichung logistics center (Taichung branch)
No.35, Gongyequ 24th Rd., Nantun Dist., Taichung City, Taiwan, R.O.C
(04) 2350-3456

China logistics center
Shanghai, Beijing, Nanjing, Chengdu, Shenyang, Hangzhou, Tianjin, Xi'an, Qingdao, Guangzhou, Suzhou, Wuhan, Zhengzhou, Hefei, Xiamen, Nanchang, Changsha, Jinan, Harbin, Ningbo, Chongqing

Australia logistics center
Melbourne, Sydney

Stock registration agent
Stock Affairs Department of Chinatrust Commercial Bank
5F, No.83, Sec. 1, Chongqing S. Rd., Taipei, Taiwan, R.O.C.
(02) 2181-1911
www.chinatrust.com.tw

CPA for the latest financial statement
PricewaterhouseCoopers
Cuimiao Ye, Yulong Wu
27F., No.333, Sec. 1, Keelung Rd., Taipei, Taiwan, R.O.C.
(02) 2729-6666
www.pwc.tw

Global Depository Receipt (GDR) trading center
Luxembourg Stock Exchange
For your convenience, please check London Stock Exchange for GDR transaction data.
(website: www.londonstockexchange.com)
Ticker symbol: SYXZF

SYNNEX 聯強國際
www.synnex-grp.com

Synnex……The stagecoach that never stops

Leading distribution services provider

The leading 3C logistics and distribution services provider in Asia Pacific region

Globally unique business model

First of all, initiate quadruple channel operation model of sales, distribution, maintenance and CTO (Configuration To Order).This successful business model has been copied from Taiwan to Australia, New Zealand, Thailand and China/Hong Kong.

High value added distribution services provider

The solid logistic capabilities of Synnex provides upstream and downstream business partners with high value added services, so that while the tough back office processing including inventory management, maintenance and real-time production (CTO) are being taken care of by Synnex, customers from downstream can concentrate on sales operations; while the complex sales distribution operations are being taken care of by Synnex, suppliers from upstream can focus on R&D, production and branding. During the activity chain of product flow, the critical integration role that Synnex played in midstream is provision of high value-added services.

Non-stop positive growth cycle

Multi-brand franchise→ Increases customer numbers→ Provide high value-added back office logistics services→ Establish dense distribution network→ Multi-product franchise→ Expand economic scale→ Lower operation expense ratio →Expand market share→ Multi-brand and multi-product franchise→……….

Efficient back office operation mechanism

- Tailor made, self-developed digital nervous system - ERP information management system.
- Fast and convenient post-sales services network.
- Efficient and quality automatic warehousing and distribution operation.
- Tailor made real time production (CTO) center.
- "Synnex's e-City" has become a leading 3C content website in Taiwan.

Comprehensive business philosophy

Maximize shareholder value, improve information transparency.

Maximize profits for customers and suppliers.

Provide reliable and satisfactory products and services to end-users.

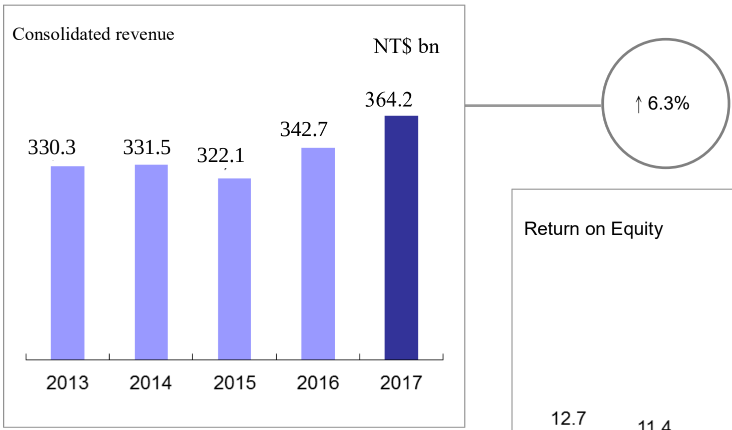
Cultivate employees and maintain labor-management cooperation.

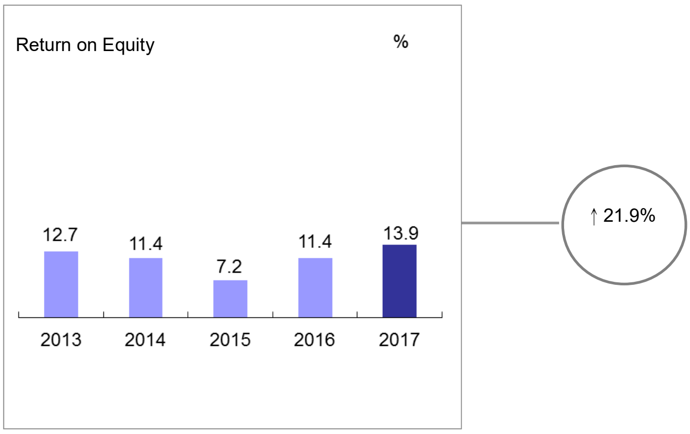
Satisfy corporate social responsibility.

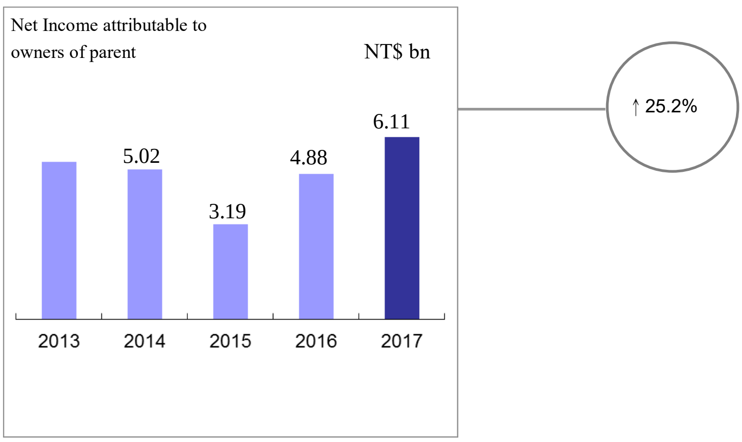
2017 Consolidated Financial Performance

Unit: NTD

Item / Year	2016	2017	Increase (Decrease) (%)
Consolidated revenue (in bn)	342.7	364.2	6.3
Income before income tax (in bn)	5.73	7.88	37.5
Net Income attributable to owners of the parent (in bn)	4.88	6.11	25.2
EPS (after retroactive adjustment) (NTD)	2.92	3.67	25.7
Gross profit margin (%)	3.5	3.5	-
Operating expense ratio (%)	2.3	2.2	(4.3)
Operating income ratio (%)	1.2	1.4	16.7
Return on Equity (ROE) (%)	11.4	13.9	21.9
Average Collection Days	51	53	3.9
Average Inventory Turnover Days	39	37	(5.1)
Average Payment Turnover Days	34	36	5.9







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Letter to shareholders

Dear shareholders:

The economy in 2017 was influenced by many economic and political factors, but actually the impact was not as significant as expected. The global economy recovered gradually from its bottom in 2016 and the growth rate was better than expected at the beginning of the year. According to the investigation reports of the international economic research institutions, the global economic growth rate was approximately 3.2% in 2017, which exceeded 2.5% in 2016 and would be the highest rate since 2011. This indicates that the global economy has broken away from a 5-year slowdown and entered into recovery.

Tracing back to the global economic slowdown period since 2012, Synnex's management team, on the one hand, stably coped with the market change to reduce the impact of the environment and maintain the Company's management performance to a robust level; on the other hand, we made great efforts for the reform of the internal sales management system to strengthen the competitiveness of the enterprise and sought to increase new market opportunities. The results of these efforts have been demonstrated in 2017. Synnex's global business units had full growth, and our deployment in the new business areas also manifested their great achievements and high future potentialities in recent years.

Looking into 2018, though the industry environment is still sly and changeable and the challenge of the market is still tough, Synnex's management team has full confidence to pursue greater performance in the global market based on the solid foundation we laid for many years. Also by grasping new market opportunities and deploying new businesses growth dynamics, we expect to repay the expectation of every shareholder with greater operating achievements and hope every shareholder will continue to support us.

Below are the key 2017 highlights for our company:

1. **Revenue and profit**

   Synnex's 2017 consolidated revenue was NTD364.2 billion, representing 6% growth from the NTD 342.7 billion in 2016. The net profit after tax was NTD 6.11 billion or grew by 25% in comparison with the NTD 4.88 billion in 2016. The EPS after tax was NTD 3.67, representing a growth rate of 26% in comparison with the NTD2.92 in 2016.

2. **Concrete operating results**

   1. The operation scale of our global channel businesses (including joint venture business) reached 1.120 trillion and Synnex's every business units had full growth:

      (1) Components and parts business grew by 12% and broke through the 100 billion mark.

      (2) Taiwan business unit grew by 7% and had a substantial growth.

      (3) China business unit had a solid growth of 10% due to successful reform (in original currency, same as below).

      (4) Hong Kong business unit had a growth of 15% due to competitiveness improvement and expansion of business

areas.

(5) Australia and New Zealand business units grew by 7% and hit a record high.

(6) Indonesia business unit had a growth of 8%.

(7) The joint venture businesses all had full growth, which includes Thailand (↑37%), North America (↑21%) and Middle East (↑5%).

2. Through a strategic partnership with the biggest ICT integrator FPT Corporation in Vietnam, we officially entered the Vietnam market and completed our deployment in three ASEAN major markets.

3. The new business ran successfully and we fastened the expansion of the businesses including

(1) A brand new “mobile phone business operation system” was online to increase the business growth of the mobile phone recruitment service.

(2) The intellectual logistic service business had full expansion and “home service” business reached 400,000 families in Taiwan.

(3) Technical service business grew smoothly and expanded steadily in Taiwan, China and Hong Kong markets.

(4) The cloud service was fully rooted and expanded to reach 50,0000 users.

(5) We fully started the IoT related services.

The 2018 important production and sales policy:

1. **Connecting upstream and downstream partners to integrate a IoT industry ecosystem and fully grasp the IoT market opportunities**

   The IoT market opportunities include upstream sensing elements, sense modules, AI modules, middle-stream sensing equipment, AI software, public system software and downstream industrial IoT application systems. Synnex is one of the three global partners for Microsoft’s industrial IoT integration. We will activate comprehensive related deployment to fully grasp the biggest potential business opportunities in the future.

2. **Accelerating the development of the cloud service and fully activating every business unit**

   After the beginning of the cloud service business in Australia three years ago, we expended the service to Taiwan, Indonesia, Hong Kong, and China markets and developed a complete operating system. The business will be further developed this year.

3. **Developing intelligence decision management technology to enforce the efficiency and quality of internal operation and providing related services to customers**

   Combining big data and channel operation management knowledge, we develop various AI decision and auditing control technology. Besides applying in internal operation management, this technology can also become an intelligence operation management service for downstream customers at the same time.

4. **Integrate resources to develop technical service business**

   By integrating the Company’s technical service resources and management operation system, we apply related operation management system to develop high efficient technical service business.

5. **Increase the development of intellectual logistic service business**

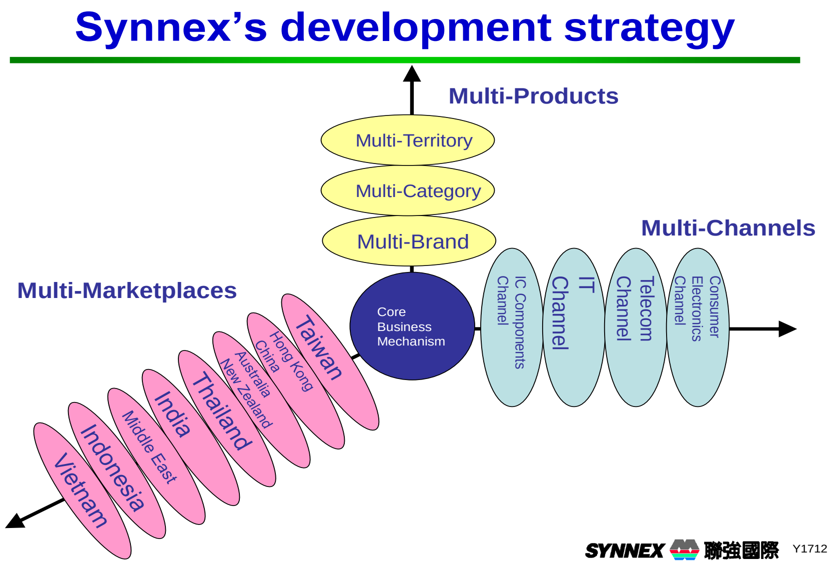
   Synnex has smoothly developed intellectual logistic service business in Taiwan. In addition to continuing to develop multiple service items, we will also promote the services in the China, Hong Kong and Australia markets.

6. **Ongoing investment on the innovation of operation mechanism and management technology for the solid building of the Company's core competences**

   To maintain the competitive advantage and cope with the ever-changing market, an ongoing innovation on business and technology management is necessary. Synnex's planning & management system at its headquarters is responsible for design of operations model, planning of operations mechanism, development of management technology, while expanding software R&D team to enhance Synnex's software competitiveness. In 2018, the team will continue to develop innovative business management technology, enhance core competences, and identify breakthrough opportunities for the Company.

Future Development Strategies

To pursue continuous and stable growth in this rapidly changing market environment full of uncertainties, Synnex will follow a three point strategy (see the figure below), made up of multi-product, multi-channel and multi-nation strategies. Through these strategies, we aim to create greater opportunities while effectively diversifying operational risks.



Impact of External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

In terms of the external competitive environment, the market has been constantly changing and the service model has been diversified for years. However, the Company has been continuously researching and developing an innovative business model, design, and planning; also, implementing business analysis and quality management in response to such changing market environment.

In terms of the regulatory environment, the Company has always paid close attention to and grasped domestic and foreign policies and laws that may affect the Company's finance and business, and adopted appropriate emergency measures to safeguard the interests of the Company. For the important regulations continuously announced with respect to IFRSs, the Company has established a task force and consults with professional CPAs to ensure the compliance of accounting standards. In addition, although the "Based Erosion and Profit Shifting" (BEPS) issue caused the government of each nation to formulate strict, relevant laws and regulations according to the OECD, it has had little impact on the Company since the Company has always operated its channel business in compliance with the law and regulations of each nation.

In terms of the macro-economic environment, the Company has a large-scale business operation in Mainland China. Although cross-strait relations may become uncertain, it is with little impact on the channel business operation. The Company's market development strategy is focusing on a multinational business market that will allow the Company to expand the market and reduce business risks arising from operating in a single nation.

Last but not least, we would like to offer our sincere gratitude to our shareholders for their support and encouragement, and we expect further guidance and support in the coming year. With consistent business philosophy and innovation, the management team is committed to achieving excellence.

Best regards,

Matthew Feng-Chiang Miau
Chairman

Evans S.W. Tu
President and CEO

Synnex highlights

Synnex highlights

I. Company profile

1) Milestone

Setup date: September 12, 1988

Year	Important significance
1988	▪ Synnex Technology International Corporation was established with authorized capital of NTD2 hundred million, and Matthew Feng-Chiang Miau served as chairman and Evans S.W. Tu served as president. ▪ MIS operations reached real-time requirement.
1989	▪ Establish LEMEL brand. ▪ NTD 20 million was spent to purchase large mainframe computers and accessories to meet the needs of further computerization. ▪ Established Kaohsiung and Taichung branches to expand south and central Taiwan business.
1990	▪ Confirmed development information and communicate channel business, determined to adopt "open channel" operation, first initiating triple channel operation model of sales, distribution, and maintenance.
1991	▪ The computer material management system won "The 1st outstanding information application awards" that conferred by Institute for Information Industry and accredited by all panel of judges.
1992	▪ Established logistics delivery truck fleet to provide rapid delivery services of "half-day delivery" to customers in Taipei region.
1993	▪ Linkuo logistics center officially opened. ▪ Established logistics delivery fleet in central and south region to provide rapid delivery services to customers in south and central region. ▪ Introduced "small quantity, various type and one stop shopping" to the resellers to lower inventory risk for the resellers and enhanced purchasing convenience. ▪ Introduced LEMEL PC
1994	▪ Provided resellers with industry-leading "four half-day" (two days) rapid maintenance services ▪ Launched monthly journal of "Synnex's shopping mall" which had become the resellers' must-buy tools.
1995	▪ Shares officially listed on Taiwan Stock Exchange that was the first listed distributor in Taiwan.
1996	▪ Largest increase in stock price in 362 listed companies in the first half year of 1996.
1997	▪ Provide rapid maintenance services of "repair tonight, retrieve the day after tomorrow" to customers. ▪ Communication resellers had reached 3000. ▪ Merge Laser Computer Ltd. (name changed to Synnex Technology International (HK) Ltd. in 2005) to expand its reach to Hong Kong and China.
1998	▪ The 2nd warehouse with highly automated warehousing operations in Linkou logistics center completed and started operation. ▪ Real time production center (Configuration-To-Order) of PC has completed, it is the first tailor made real time production line of PC for customers in Taiwan. ▪ Merge Australian subsidiary to expand reach to Australian market.
1999	▪ Establish "cellular phone rapid repair services" throughout Taiwan to provide customers with "30 minutes cellular phone maintenance services." ▪ Merge Compex Ltd. In Thailand (name changed to Synnex (Thailand) Co., Ltd. in 2002 and changed to Synnex (Thailand) Public Company Ltd. in 2008) to expand its reach to the Thailand market. ▪ The annual turnover of communication business has exceeded NTD10 billion, become one of the three major business of Synnex along with information and electronics components business.
2000	▪ Provide customers with "cellular phone 2-year warranty" services. ▪ The third warehouse in Linkuo logistics center completed and started operation; it is an automatic guided warehouse. ▪ Launch "Synnex e-City" website and "Dedicated website for Synnex resellers" to develop electronic marketing and electronic services. ▪ Considering Synnex's valuable management experience, Shang-Xun Culture Co., Ltd. decided to publish "The stagecoach that never stops".
2001	▪ The Taichung logistics center with 7,300 pings (equal to 24,131.61 square meters (3.3057*7300)) started operation; its logistics capacity is 1.3 times of the Linkuo logistics center. ▪ The 5,200 ping (17,189.64 square meters) Logistics center in Australia officially started operation. ▪ With "cellular phone rapid maintenance center" upgraded to "Synnex maintenance center," Synnex has expanded its maintenance services to all 3C products sold. ▪ Integrate maintenance center, maintenance and collection center and resellers into "Synnex maintenance network" to become the densest IT and Telecom maintenance network and also provide maintenance services to products not sold by Synnex. ▪ Develop Logistics service Provider (LSP)

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Year	Important significance
2002	▪ The 2,700 ping (8,925.39 square meters) logistics center in Thailand started operation. ▪ The annual visitors of "Synnex e-City" has reach 9.5 million, its content has been referenced by 120 websites, the ICP (Internet Content Provider) role has been formed. ▪ Conduct stock swap strategy with Bestcom Infotech Corporation to cultivate IT commercial market in Taiwan.
2003	▪ Logistics center in Australia and Thailand has imported CTO customize real-time production mechanism to provide customers with customize PC services. ▪ Use the outstanding services of "Synnex products" to develop brand marketing. ▪ The consolidated turnover has exceeded NTD100 billion and reach 108.2 billion.
2004	▪ Merged and acquired Yongkang Enterprises and Teampo Tech Co., Ltd. to expand component and parts business scale. ▪ Acquire shares in India's Redington Group to expand its reach to India, Middle-East and Africa, the global distribution channel layout has been formed.
2005	▪ Shanghai logistics center started operation. ▪ Establish New Zealand subsidiary.
2006	▪ The operation of Linkuo logistics center was officially launched; it has doubled the operation capacity. ▪ Establish consumer electronics business, it is another core business after components, IT and Telecom.
2007	▪ Obtained Nokia cellular phone's exclusive distribution rights in China region, it has officially opened the overseas market for communication business. ▪ Thailand logistics center has imported automated warehousing operation.
2008	▪ Plans to establish logistics center in China has been developed smoothly, the establishment of Shanghai 2nd period, Chengdu, Nanjing, Beijing logistics center has been activated. ▪ Components business group has competed the comprehensive update of computer system; the operation efficiency of components has been enhanced.
2009	▪ Logistics centers in Nanjing, Chengdu, Beijing and Shengyang officially started operation. ▪ Consolidated turnover has exceeded NTD200 billion and reach NTD220.7 billion.
2010	▪ Tianjin and Hangzhou logistics centers officially started operation. ▪ India's Redington Group acquired stakes in Turkey's second largest information distributor Arena, opening the door to east Europe. ▪ Set up a joint venture with Indonesia's largest computer group Metrodata Electronics, Synnex has officially established its presence in Indonesian market and marks another foray in Asia's emerging market.
2011	▪ The Logistics Center in Xian and Qingdao City were officially opened. ▪ Consolidated revenue has exceeded NTD300 billion and reached NTD312.6 billion.
2012	▪ Logistic centers in Suzhou, Guangzhou, Wuhan and Zhengzhou are officially in service. ▪ A comprehensive computer system update was completed in Australia to enhance effectiveness of operational management.
2013	▪ The consolidated revenue reached record high at NTD330.3 billion.
2014	▪ Sydney (Australia) logistic center officially started operation. ▪ Hefei (China) logistic center officially started operation. ▪ Xiamen (China) logistic center officially started operation.
2015	▪ Nanchang (China) logistic center officially started operation. ▪ Jinan (China) logistic center officially started operation. ▪ Harbin (China) logistic center officially started operation.
2016	▪ Changsha (China) logistic center officially started operation. ▪ Ningbo (China) logistic center officially started operation. ▪ Acquisition of Bestcom Infotech Corporation was completed to enhance its future revenues, technical services, and business opportunities for the commercial network brand agency. ▪ Synlogics Service Corp. was established to expand the logistic business.
2017	▪ Established Synnex FPT and officially entered the Vietnam market through a strategic partnership

Year	Important significance
	with the biggest ICT integrator FPT Corporation. ▪ Investment in the construction of Indonesia logistics center.

2) Awards

Year	Awards
1991	▪ The computer material management system won “the 1st outstanding information application awards” that conferred by Institute for Information Industry and accredited by all panel of judges.
1998	▪ Both Chairman Matthew Feng-Chiang Miau and President Evans S.W. Tu have been voted by senior journalists in the industry as “10 most important people in the development history of information industry in Taiwan.” ▪ Evans S.W. Tu has been voted by the fund managers in Taiwan as one of five “most worthwhile professional managers in the next five years.”
1999	▪ Synnex has been listed by Asiamoney as one of top 50 “Best Managed Companies” in Asia-Pacific region.
2000	▪ The Thailand subsidiary has been named by Computer Association of Thailand as “Thailand’s best distributor” and “Best marketing performance award.”
2001	▪ Granted one of 15 companies won Microsoft’s Windows Embedded Partner Gold Program.
2002	▪ Ranked #8 among 2001 Taiwan’s top 500 service companies in Commonwealth Magazine and Business Weekly. ▪ Ranked #4 among the top 100 IT Company listing in Business Week magazine. ▪ Computer Weekly reported that Synnex is considered by 3C retailers to be the best channel distributor.
2003	▪ Synnex is ranked by Interbrand as “Taiwan Top 10 Global Brands” of the 10 brands; Synnex is the only brand in the service sector. ▪ Voted by industry, official and university professionals who were invited by CommonWealth Magazine and Accenture as “Outstanding service.” ▪ Named by CommonWealth Magazine as “Benchmark Enterprise.” ▪ Voted by analysts and fund managers of major global financial institutions as the third “Taiwan’s best managed company” in Asiamoney Magazine. ▪ Ranked #56 among the top 100 IT Company listing in Business Week Magazine. ▪ Ranked by Business Weekly as the 2002 largest IT/Telecom/IC distribution services provider in Taiwan.
2004	▪ Ranked by new Micro Electronics magazine as “Top 10 outstanding electronics component distributor” in 2004 in Taiwan. ▪ Ranked #36 among Top 1000 Cross-Strait Listing Firms by Business Weekly in 2003. ▪ Ranked #7 among 500 service companies listing in Business Weekly in Taiwan in 2003. ▪ The subsidiary in Australia was ranked #20 as “50 Companies with Good Asset Use” by BRW magazine.
2005	▪ Ranked #8 in “Top 10 Taiwan Global Brands” by Interbrand. ▪ Ranked #11 among 500 service companies listing in Business Weekly in Taiwan in 2004. ▪ Named by CommonWealth Magazine as “Benchmark Enterprise.” ▪ Ranked #11 among 500 service companies listing in Business Weekly in Taiwan in 2004.
2006	▪ Ranked #15 among 500 service companies listing in CommonWealth Magazine in Taiwan in 2005. ▪ Ranked #7 among 500 service companies listing in Business Weekly in Taiwan in 2005. ▪ Named by CommonWealth Magazine as “Benchmark Enterprise.” ▪ Awarded “Gold sales award” by China’s China Marketing magazine. ▪ Awarded by China’s “Computer products and distribution” as gold list award of 10 outstanding distributors. ▪ Ranked #2 in distributors among the top 100 IT company listing in Computer Business Information
2007	▪ Named by CommonWealth Magazine as “Most Admired Company” in 2007. ▪ Ranked #7 among 500 service companies listing in CommonWealth Magazine in Taiwan in 2006. ▪ Ranked #1 by among electronics distributors and #73 among Top 1000 Cross-Strait Listed Firms by Business Weekly in 2006. ▪ Ranked #11 in “Taiwan Top Global Brands” by Interbrand.
2008	▪ Named by CommonWealth Magazine as “Most Admired Company” in 2008. ▪ Ranked #6 in a 2007 survey of Taiwan's top 500 service companies carried out by Business Weekly. ▪ Ranked #24 among “Top 50 Chinese consumer brands” by Business Today in 2008. ▪ Ranked #9 in “Taiwan Top Global Brands” by Interbrand. ▪ Evans S.W. Tu was awarded by National Chiao Tung University as Top 50 Most influential Alumni.”
2009	▪ Ranked #9 in “Taiwan Top Global Brands” by Interbrand. ▪ Ranked #7 in a 2008 survey of Taiwan’s top 500 service companies carried out by Business Weekly. ▪ The seventh consecutive years named by CommonWealth Magazine as “Most Admired Company” in 2008. ▪ Ranked #8 in “Investor Satisfaction” among “Taiwan Technology Best 100 Companies” by Business Next in 2008.

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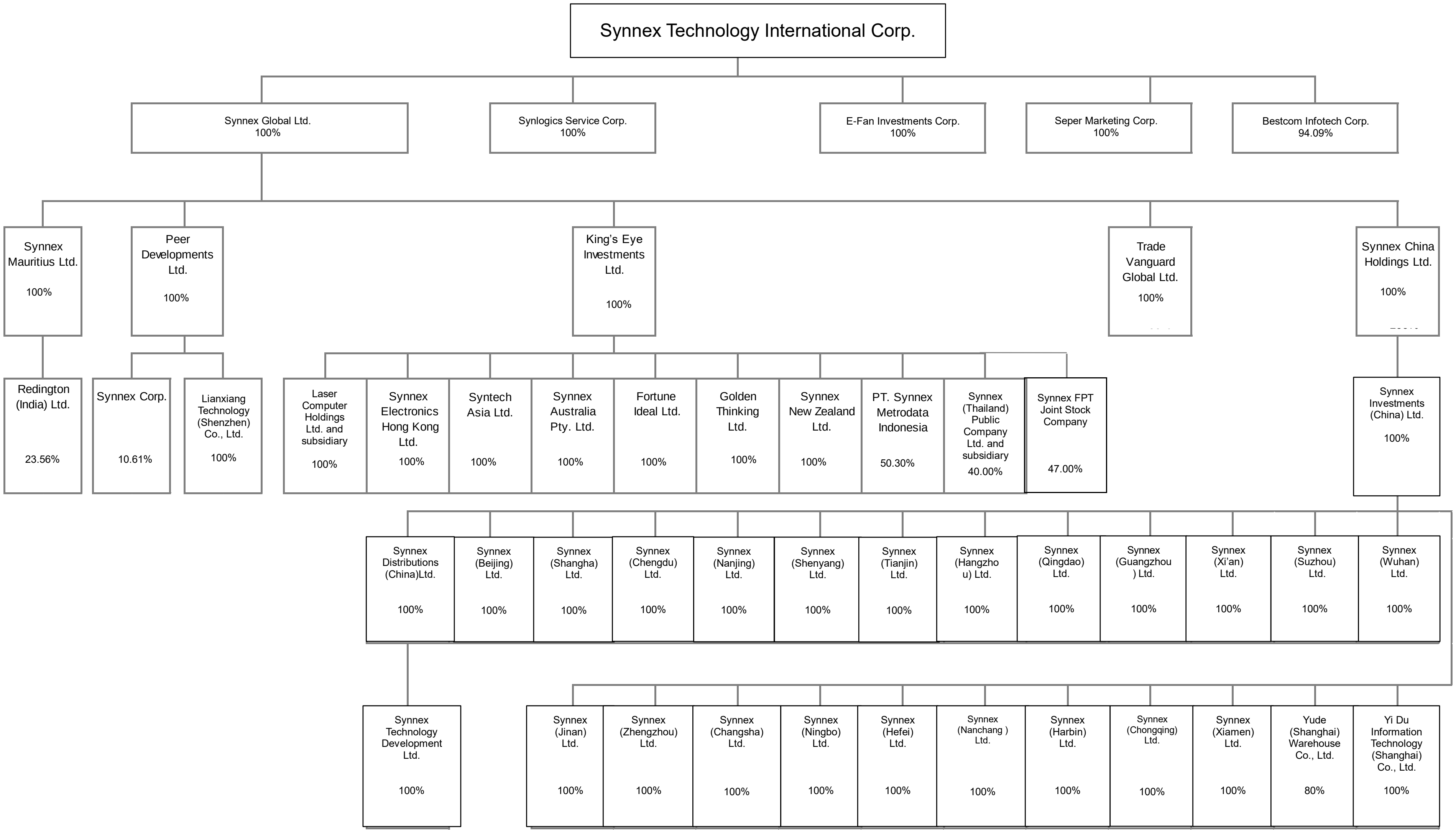
Year	Awards
2010	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand. ▪ The eighth consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2010. ▪ Ranked #6 in a 2009 survey of Taiwan's top 500 service companies carried out by Business Weekly; while ranked #1 in IT, Telecom and IC distributors. ▪ Turnover ranked #3 among "Top 50 Cross-Strait Listed Distributors" by Business Today in 2010. ▪ Ranked #43 among "Taiwan Technology Best 100 Companies" by Business Next in 2010, which has been progressed by 35 in the ranking when comparing to 2009. ▪ Ranked #37 among "The Tech 100" by Bloomberg BusinessWeek in 2010.
2011	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value of USD$317 million. ▪ Awarded with the "Taiwan's 100 major brands" by the Ministry of Economic Affairs. ▪ The ninth consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2011. ▪ Ranked #6 in a 2011 survey of Taiwan top 500 service companies carried out by CommonWealth Magazine.
2012	▪ Ranked #8 in "Taiwan Top Global Brands" by Interbrand with a brand value of USD$339 million. ▪ The tenth consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2012. ▪ Ranked #6 in a 2012 survey of Taiwan's top 500 service companies carried out by CommonWealth Magazine; also, ranked in the 7th place of the "Most Profitable Service Companies."
2013	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value increased by 2% YoY to USD$345 million. ▪ The 11th consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2013. ▪ Ranked by CommonWealth Magazine as 6th within service industry in the top 2000 companies.
2014	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value increased to USD$345 million. ▪ The 12th consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2014. ▪ Ranked by CommonWealth Magazine as 6th within service industry in the top 2000 companies.
2015	▪ Ranked #11 in "Taiwan Top Global Brands" by Interbrand with a brand value increased to USD$337 million. ▪ Ranked by CommonWealth Magazine as 5th within service industry in the top 2000 companies.
2016	▪ Mr. Evans S.W. Tu was chosen as a "Taiwan Top 50 Executive" by "The Harvard Business Review." ▪ Synnex as the unique channel service brand won the "Taiwan Top 20 Global Brand Awards" for 14 consecutive years with a brand value of USD309 million. ▪ Ranked by CommonWealth Magazine as the 4th of the top 2000 companies in the service industry.
2017	▪ Synnex as the unique channel service brand won the "Taiwan Top 20 Global Brand Awards" for 15 consecutive years with a brand value of USD293 million. ▪ Ranked by CommonWealth Magazine as the 4th of the top 2000 companies in the service industry.

II. Corporate Governance Report

1) Organization

2017.12.31

- **Group Structure** **2017.12.31**

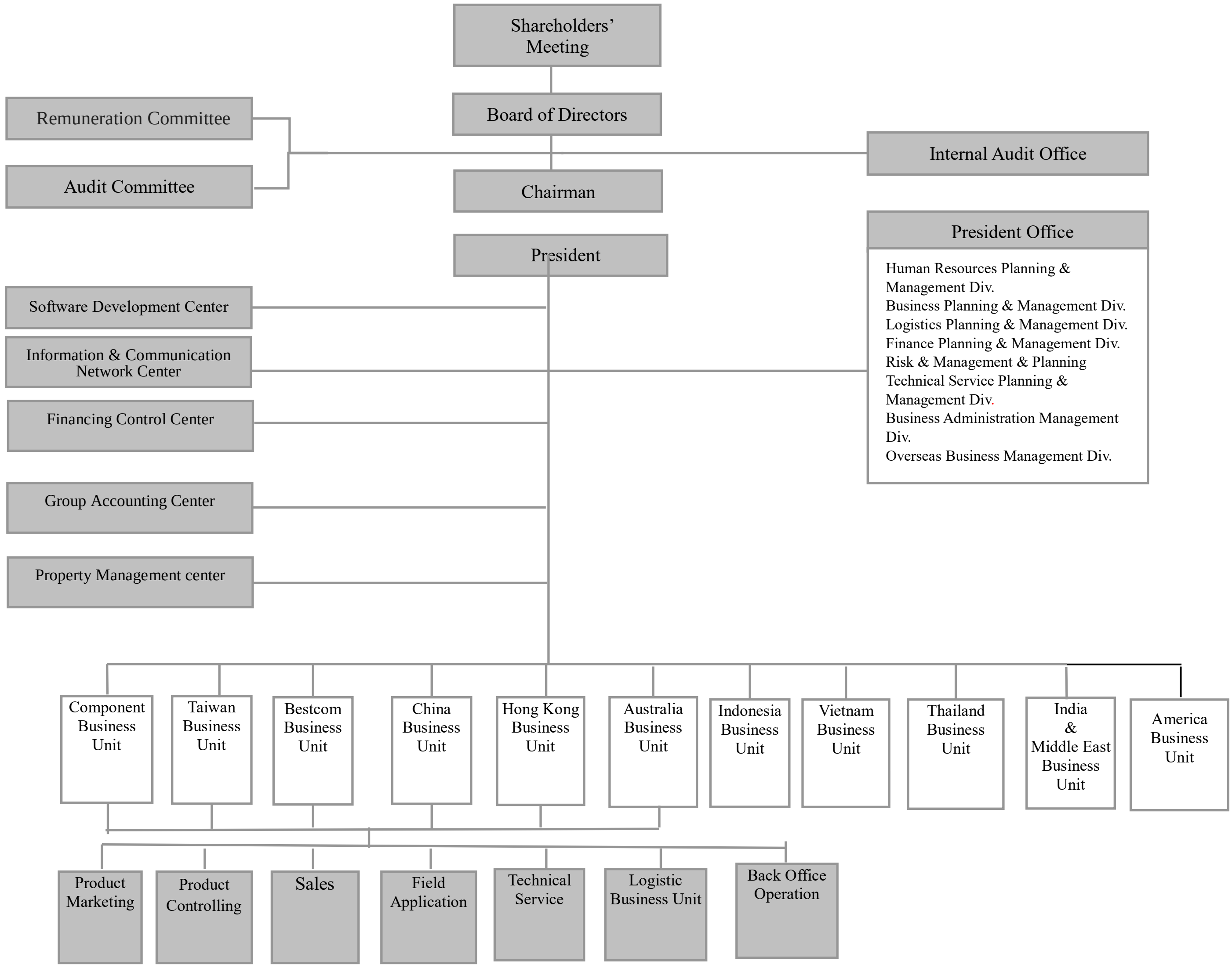


Basic Information of group companies 2017.12.31 Unit: thousand

Company name	Date established	Location		Capital	Main business or production types
Seper Marketing Corp.	1990.02.23	Taipei	NTD	1,000	Sales of IT/Telecom products in Taiwan
E-Fan Investments Corp.	2001.06.28	Taipei	NTD	225,000	Investment holding company
Synlogics Service Corp.	2016.10.17	Taipei	NTD	50,000	Provision of warehousing, distribution services in Taiwan
Bestcom Infotech Corp. and its subsidiaries	1987.01.13	Taipei	NTD	971,033	Provision of warehousing services in Taiwan
Synnex Global Ltd.	1996.12.27	BVI	US$	548,250	Investment holding company
Synnex Mauritius Ltd.	2004.12.02	Mauritius	US$	24,000	Investment holding company
Peer Development Ltd.	1996.12.27	BVI	US$	30,200	Investment holding company
Synnex China Holdings Ltd.	2002.07.19	BVI	US$	100,200	Investment holding company
King's Eye Investments Ltd.	1997.01.23	BVI	US$	62,477	Investment holding company
Trade Vanguard Global Ltd.	2014.04.15	BVI	US$	200,000	Investment holding company
LianXiang Technology (Shenzhen) Ltd.	2011.05.26	Shenzhen, China	US$	200	Sales of IC components in China region.
Synnex Investments (China) Ltd.	2007.11.05	Shanghai, China	US$	200,000	Investment holdings company in China
Synnex (Beijing) Ltd.	2002.10.11	Beijing, China	US$	9,000	Production and sales of IT/Telecom products in China
Synnex (Shanghai) Ltd.	2002.10.15	Shanghai, China	US$	22,000	Production and sales of IT/Telecom products in China
Synnex Distributions (China) Ltd.	2005.11.25	Shanghai, China	US$	230,000	Production and sales of IT/Telecom products in China
Synnex (Chengdu) Ltd.	2006.11.06	Chengdu, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Nanjing) Ltd.	2006.12.20	Nanjing, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Shenyang) Ltd.	2008.08.19	Shengyang, China	US$	3,000	Production and sales of IT/Telecom products in China
Synnex (Tianjin) Ltd.	2009.04.21	Tianjin, China	US$	4,500	Production and sales of IT/Telecom products in China
Synnex (Hangzhou) Ltd.	2009.11.25	Hangzhou, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Qingdao) Ltd.	2010.03.04	Qingdao, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Guangzhou) Ltd.	2010.03.18	Guangzhou, China	US$	12,000	Production and sales of IT/Telecom products in China
Synnex (Xi'an) Ltd.	2010.03.24	Xi'an, China	US$	4,000	Production and sales of IT/Telecom products in China
Synnex (Suzhou) Ltd.	2010.06.17	Suzhou, China	US$	6,000	Production and sales of IT/Telecom products in China
Synnex (Wuhan) Ltd.	2010.12.08	Wuhan, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Jinan) Ltd.	2010.12.06	Jinan, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Zhengzhou) Ltd.	2011.01.07	Zhengzhou, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Changsha) Ltd.	2011.03.23	Changsha, China	US$	4,000	Production and sales of IT/Telecom products in China
Synnex (Ningbo) Ltd.	2011.06.15	Ningbo, China	US$	4,000	Production and sales of IT/Telecom products in China
Synnex (Hefei) Ltd.	2011.07.15	Hefei, China	US$	6,100	Production and sales of IT/Telecom products in China
Synnex (Nanchang) Ltd.	2011.08.24	Nanchang China	US$	4,000	Production and sales of IT/Telecom products in China
Synnex (Harbin) Ltd.	2012.03.26	Harbin China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Chongqing) Ltd.	2012.05.09	Chongqing China	US$	600	Production and sales of IT/Telecom products in China
Synnex (Xiamen) Ltd.	2012.05.07	Xiamen China	US$	6,000	Production and sales of IT/Telecom products in China
Yude (Shanghai) Warehouse Co., Ltd.	2012.06.18	Shanghai, China	RMB	2,400	Provision of warehousing services in China
Yi Du Information Technology (Shanghai) Co., Ltd.	2015.04.02	Shanghai, China	RMB	1,000	IT service and production and sales of IT/Telecom products
Synnex Technology Development (Beijing) Ltd.	2007.12.06	Beijing, China	RMB	50,000	Production and sales of IT/Telecom products in China
Laser Computer Holding Ltd. and subsidiary	2001.09.06	BVI	US$	36,850	Sales of IT products in Hong Kong/China region.
Synnex Electronics Hong Kong Ltd.	1993.09.09	Hong Kong	US$	300	Sales of IC components in Hong Kong / China region.
Syntech Asia Ltd.	2011.03.11	Hong Kong	US$	300	Sales of IC components in Hong Kong / China region.
Synnex Australia Pty. Ltd.	1991.06.06	Australia	AUS	33,250	Sales of IT products in Australia.
Fortune Ideal Ltd.	2000.09.04	Hong Kong	HKD	14,500	Operate Australia's logistics center.
Golden Thinking Ltd.	2010.02.19	Hong Kong	HKD	28,000	Operate Australia's logistics center.
Synnex New Zealand Ltd.	2005.07.18	New Zealand	NZD	1,500	Sales of IT products in New Zealand.
PT. Synnex Metrodata Indonesia	2000.05.23	Indonesia	IDR	300,000,000	Production and sales of IT/Telecom products in South-East Asia
Synnex (Thailand) Public Company Ltd. and subsidiary *	1988.04.05	Thailand	THB	770,329	Sales of IT products in Thailand.
Redington (India) Ltd.*	1961	India	INR	800,300	Sales of IT/Telecom products in India, Middle East and Africa
Synnex Corporation*	1980	America	USD	41	Sales of IT/Telecom products in Europe, America and Japan
Synnex FPT Joint Stock Company*	2009	Vietnam	VND	830,188,000	Sale of IT/Telecom products in Vietnam

* Adopt equity method.

Organization and responsibility



Description of responsibilities

Board of Directors

Internal Audit Office: Evaluate and improve the efficiency of risk management, control, governance, and achieve the performance and quality of the designated mission.

Remuneration Committee: Responsible for the overall remuneration system and total prize money review.

Audit Committee: Responsible for overseeing the effective implementation of the Company's financial statements, compliance with related laws and regulations, internal control, and risk control.

President office

Human Resources Planning & Management Div.: Responsible for development, planning and training of overall human resources.

Business Planning & Management Div.: Responsible for overall business operation planning, management analysis and process planning.

Logistics Planning & Management Div.: Responsible for overall operation planning, management analysis and process planning.

Finance Planning & Management Div.: Responsible for overall financial analysis, planning and management.

Risk Management & Planning: Responsible for the overall accounting and legal system development, planning, and management

Technical Service Planning & Management Div.: Responsible for planning of overall technical service and operation.

Business Administration Management Div: Responsible for the overall product purchase, sales, and inventory operating procedure planning and strategy formulation.

Overseas Business Management Div.: Responsible for planning, support and management of overseas affairs.

Software Development Center

Responsible for planning, integration and maintenance of overall ERP system.

Information & Communication Network Center

Responsible for the procurement, management, and maintenance of IT and telecom equipment.

Financing Control Center: Responsible for centralized control of the finance for the Group.

Group Accounting Center: Responsible for the financial, tax and accounting affairs of the Group.

Property Management center: Responsible for planning and setup of the Group's logistic centers as well as property management.

Product Marketing: Responsible for planning and implementation of products' operational strategies.

Product Controlling: Responsible for planning and implementation of products' purchase, sales and inventory strategies.

Sales: Responsible for product sales.

Field Application: Responsible for pre-sale services for product R&D and technology application support.

Technical Service: Responsible for technical support service before and after the sale.

Logistics Business Unit: Responsible for operational implementation of warehousing, distribution and post-sales maintenance services.

Back office operation

Finance: Responsible for financial management and fiscal tax accounting.

Credit: Responsible for accounts receivable management and credit collection processing.

Customer Service: Responsible for post-sales customer services.

Personnel & Administration: Responsible for planning and implementation of human resource systems.

2) Information on directors, supervisors, presidents, senior executives of divisions & department management

● Information of directors and supervisors

2018.04.14

Title Name	Nationality or registration site	Elected date	Tenure (Year)	Date first elected	Shareholding when elected		Current shareholding		Spouse/Minor children Current shareholding		Shareholding under the names of other parties		Note
					Shares	%	Shares	%	Shares	%	Shares	%	
Chairman/ Matthew Feng-Chiang Miau	USA	2015.6.12	3	1988.9.1	30,417,147	1.91	31,772,004	1.90	-	-	-	-	
Director/ Evans S.W. Tu	ROC	2015.6.12	3	1988.9.1	34,434,649	2.17	36,156,381	2.17	1,587,245	0.10	-	-	
Director/ Yang, Hsiang-Yun	ROC	2015.6.12	3	2015.6.12	216,381,957*	13.62	232,246,054*	13.92	*	-	*	-	Representative of MiTAC Inc.
Director/ Chou, T.C.	ROC	2015.6.12	3	2015.6.12	216,381,957*	13.62	232,246,054*	13.92	*	-	*	-	Representative of MiTAC Inc.
Independent Director / Yungdu Wei	ROC	2015.6.12	3	2012.6.13	-	-	-	-	-	-	-	-	
Independent Director / Yojun Jiao	ROC	2015.6.12	3	2012.6.13	-	-	-	-	-	-	-	-	
Independent Director / Anping Chang	ROC	2015.6.12	3	2012.6.13	-	-	-	-	-	-	-	-	

*It is the shareholding of the corporate shareholder, and the shareholding of representative is zero.

Title/Name	Major experience and education		Services concurrently with the Company and other company		Other officers, directors, or supervisors who are the spouse or 2nd degree relatives		
					Title	Name	Relation
Chairman Matthew Feng-Chiang Miau	MBA of Santa Clara University (USA)	Electrical Engineering BA of the University of California at Berkeley	Chairman of Synnex Technology International Corp. Chairman of Lien Hwa Industrial Corp Chairman of Union Petrochemical Corp. Chairman of MiTAC Holdings Corp. Chairman of MiTAC Inc. Director of Getac Technology Corp. Director of MiTAC Information Technology Corp. Director of Lien-Hwa Industrial Gases Co., Ltd.	Director of Winbond Electronics Co., Ltd. . Director of Synnex Corp. Independent director of Cathay Financial Holdings Independent director of Cathay Life Insurance Independent director of Cathay Century Insurance Independent director of Cathay United Bank. Independent director of Cathay Securities Corporation	None	None	None
Director Evans S.W. Tu	President of Micro Electronics Corp. Vice-president of MiTAC Inc.	Electrical and Control Engineering Degree in National Chiao Tung University	President of Synnex Technology International Co., Ltd.Supervisor of MiTAC Inc. Chairman of Seper Marketing Corp. Director of Harbinger Venture Capital	Director of Bestcom Infotech Corp. Supervisor of MiTAC Information Technology Corp Corp. .	None	None	None
Director Yang, Hsiang-Yun	Special assistant in MiTAC International Corp. CFO of MiTAC International Corp.	National Taiwan University MBA	Chairman of Health Food Co., Ltd. Chairman of Lian-Yuan Investment Co., Ltd. Director of Tsu Fung Investment Co., Ltd. Director of USI Investment Co., Ltd. Director of Tongda Investment Co., Ltd.	Supervisor of MiTAC Inc. Supervisor of MiTAC Information Technology Corp	None	None	None
Director Chou, T.C.	Investment special assistant to chairman, MiTAC International Corp.	Ph. D. of engineering, Rutgers, The State University of New Jersey		Director of MiTAC Inc. Director of MiTAC Information Technology Corp. Director of National Aerospace Fasteners Corporation	None	None	None
Independent Director / Yungdu Wei	Acting Director of the System Board Internal Audit of Georgia University Dean of Finance & Accounting School of Armstrong College of Georgia Director of Deloitte International Organization	Director of Deloitte China Chairman of United Way of Taiwan Director of Child Welfare League Foundation U.S. Internal Auditor CPA, Georgia, USA CPA, R.O.C. Georgia University MBA	Chairman of Yongqin Industrial Company Director of iron Force Industrial Co., Ltd. Director of Wangsteak Director of Sercomm Corp.	Director of VIS Director of MiTAC Holdings Corp. Independent Director of Far Eastern Department Stores Corp Independent Director of Primax Electronics Ltd. Supervisor of Chilisin Electronics Corp. Independent director of Cathay Financial Holdings. Independent director of Cathay United Bank.	None	None	None
Independent Director Yojun Jiao	Chairman of Walsin Lihwa Corporation Chairman and member of Compensation committee of Vishay Capella Microsystems (Taiwan) Limited	Master of Electrical Engineering, University of Washington Bachelor of Telecommunication Engineering, National Chiao Tung University	Chairman and CEO of Winbond Electronics Co., Ltd. Chairman of NUVOTON Co., Ltd. Director of WALSIN TECHNOLOGY CORPORATION	Independent Director of Taiwan Cement Co., Ltd. Supervisor of MiTAC Holdings Corp.	None	None	None
Independent Director Anping Chang	President and Vice Chairman of Chia Hsin Cement Corporation Chairman of WYSE Chairman of GIGAMEDIA LIMITED Chairman of China Network Systems Chairman of L'Hotel de Chine Group Chairman of WYSE (USA) Vice Chairman of Taiwan Cement Co., Ltd.	President of KGI Securities Director of FETNet Master of Institute of Business Administration, New York University Bachelor of Economics, Princeton University	Chairman of Taiwan Cement Co., Ltd. Chairman of China Synthetic Rubber Co., Ltd. Chairman of Taiwan Prosperity Chemical Corporation Chairman of Ho-Ping Power Company Chairman of Ta-Ho Maritime Corporation Chairman of E-one Moli Energy Corp.		None	None	None

** Other than Evans S.W. Tu's brother (David Tu) is appointed as the Group's business development executive, the remaining directors, supervisors, and other executives, directors or supervisors of the company do not have spouse or consanguineous to 2nd degree relations.

Major shareholders of the corporate directors or supervisors

2018.04.14

Name of corporate director or supervisor	Major shareholders of the corporate directors or supervisors*
MiTAC Inc.	Lien Hwa Industrial Corp 35.24% Synnex Technology International Corporation 18.36% Mei-An Investment Corp. 10.54% MiTAC International Corp. 8.69% Tsu Fung Investment Co., Ltd. 4.40% Matthew Feng-Chiang Miau 3.05% Hua Cheng Construction Co., Ltd. 1.92% Pao Shin International Investment Co., Ltd. 1.18% Yih Fong Investment Corp. 0.75% Hong Ding Investment Corp. 0.74%

● Information of directors and supervisors

Qualifications / Name	5 years of experience in the following professions			Independence status*										Concurrent post in the other public listing company
	An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college or university.	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business.	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	1	2	3	4	5	6	7	8	9	10	
Chairman Matthew Feng-Chiang Miau			V				V			V	V	V	V	4
Director Evans S.W. Tu			V				V			V	V	V	V	-
Director Yang, Hsiang-Yun			V	V	V	V	V	V	V	V	V	V		-
Director Chou, T.C.			V	V	V	V	V	V		V	V	V		-
Independent Director / Yungdu Wei		V	V	V	V	V	V	V	V	V	V	V	V	3
Independent Director Yojun Jiao			V	V	V	V	V	V	V	V	V	V	V	1
Independent Director Anping Chang			V	V	V	V	V	V	V	V	V	V	V	-

* For those directors and supervisors who have met the following conditions two years prior to the election and during their tenure, please tick ("✓") the respective box of qualification to indicate.

(1) Neither employees of company nor its affiliates.

(2) Neither a director nor a supervisor of company nor affiliates, unless the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares.

(3) Not an individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held under others' name, in an aggregate amount of 1% or more of the total outstanding shares of the company or ranks among the top ten shareholders who are natural person in terms of the share volume held.

(4) Not a spouse or relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.

(5) Not directors, supervisors, or employees of a corporate shareholder that directly holds 5% or more of the total outstanding shares of the bank or ranks among the top 5 corporate shareholders in the terms of share volume held.

(6) Not directors, supervisors, or executive officer holding 5% or more shares of a specific company or institution and who also has financial or business dealings with the company.

(7) Not a professional, or owner, partner, director, supervisor, or executive officer and the spouse thereof of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting or consulting services to the bank or to any affiliates.

(8) Not a spouse or relative within the second degree of kinship within directors.

(9) Not any of the circumstances in the subparagraphs of Articles 30 of the Company Act.

(10) Not elected in the capacity of a government agency, a juristic person, or a representative thereof, as provided in the Article 27 of the Company Act.

Diversification of The Board of Directors

Diversity Core Items / Name	Sex	Operation Judgment Ability	Accounting and Financial Analysis Ability	Business Management Ability	Crisis Management Ability	Industrial Knowledge	International Market Concept	Leadership	Decision Making Ability	Law
Matthew Feng-Chiang Miau	M	V	V	V	V	V	V	V	V	V
Evans S.W. Tu	M	V	V	V	V	V	V	V	V	V
Yang, Hsiang-Yun	F	V	V	V	V	V	V	V	V	V
Chou, T.C.	M	V	V	V	V	V	V	V	V	V
Yungdu Wei	M	V	V	V	V	V	V	V	V	V
Yojun Jiao	M	V	V	V	V	V	V	V	V	V
Anping Chang	M	V	V	V	V	V	V	V	V	V

Information on president, vice president, assistant vice president, senior executives of divisions & departments management

2018.04.14
Unit: Share/%

Title Name	Nationality	Date starts*	Shareholding		Shareholding by Spouse/Minor children**		Major experience and education	Services concurrently with the other company	Managers who are spouse or consanguineous to 2nd degree		
			Shares	%	Shares	%			Title	Name	Relationship
President Evans S.W. Tu	ROC	1988. 9.12	36,156,381	2.17	1,587,245	0.10	President of Micro Electronics Corp. Vice-president of MiTAC Inc. Electrical and Control Engineering Degree in National Chiao Tung University	Supervisor of MiTAC Inc. Chairman of Seper Marketing Corp. Director of Harbinger Venture Capital Corp. Director of Bestcom Infotech Corp. Director of Synlogics Service Corp. Supervisor of MiTAC Information Technology Corp.	None	None	None
Vice-President Beny Weii	ROC	1988. 9.12	1,854,216	0.11	137,194	0.01	Assistant Vice President of Micro Electronics Corp. Manager of MiTAC Inc. Electronic Calculation Bachelor Degree in Tamking University	Chairman of E-Fan Investments Corp. Director of Synlogics Service Corp.	None	None	None
Vice-President James Lee	ROC	2011. 12.26	342,474	0.02	21,603	0.00	Electrical Engineering Degree in National Joint Junior College	-	None	None	None
Vice-President Rex Shiue	ROC	2011. 12.26	383,787	0.02	-	-	Manager of Unicom Electronics Co., Ltd. Industrial Management Bachelor Degree in National Taiwan University of Science and Technology	-	None	None	None
Vice-President Dicky Chang	ROC	2011. 12.26	1,270,507	0.08	69,731	0.00	Senior Manager of World Family Agent of Bowne International Library Science Bachelor Degree in Fu Jen Catholic University	-	None	None	None
Overseas Operation CEO Matthew Feng-Chiang Miau	USA	2005. 4.1	31,772,004	1.90	-	-	MBA of Santa Clara University (USA) Electrical Engineering BSc from the University of California at Berkeley	Chairman of Lien Hwa Industrial Corp. Chairman of Union Petrochemical Corp. Director of Mitac Investment (Holdings) Co., Ltd. Chairman of MiTAC Information Technology Corp. Director of Getac Technology Corporation Director of BOC Lienhwa Industrial Gases Co., Ltd. Director of Winbond Electronics Co., Ltd. Director of Synnex Corp. Independent director of Cathay Financial Holdings Independent director of Cathay Life Insurance Independent director of Cathay Century Insurance Independent director of Cathay United Bank. Independent director of Cathay Securities Corporation	None	None	None
AVP Financial Oliver Chang	ROC	1988. 11.1	389,164	0.02	36,634	0.00	Manager of Tait Marketing & Distribution Co., Ltd Manager of DIMERCO Accounting Bachelor Degree in Soochou University	Supervisor of E-Fan Investments Corp. Supervisor of Seper Marketing Corp.	None	None	None

* Date started indicate the date on board, no indication will be made if however the title changed during the period.
** All shares are registered under stockholders' own name.

● Remuneration to directors, supervisors and executive officers and employees’ bonus

Remuneration Policy

The Company has established the Remuneration Committee to determine and review the performance evaluation and remuneration policy, system, standard, and structure for directors and the management. The performance evaluation and remuneration for directors and the management is conducted by referring to the payment standard of the industry and considering its reasonable link to personal performance, corporate operating performance, and future risk.

Director’s remuneration

2017
Unit: %/in NTD thousand

Title	Name	Directors remuneration*				Ratio of total remuneration (A+B+C+D) to net income (%)	Relevant remuneration received by directors who are also employees*						Ratio of total remuneration (A+B+C+D+E+F+G) to net income (%)	Compensation paid to directors from an invested company other than the Company’s subsidiary*
		Remuneration (A)	Pension and superannuation (B)	Earnings distribution (C) ***	Business execution (D)		Salary, bonus and special disbursement (E)	Pension and Superannuation (F) *****	Employee bonus distribution(G)***		Employee share subscription warrants (H)	Restrict employees' rights shares (I)		
									Cash dividends	Stock dividends				
Chairman	Matthew Feng-Chiang Miau	-	-	7,500	708	0.13	66,480	3,370	-	-	-	-	1.28	-
Director	Evans S.W. Tu													
Director	Yang, Shih-Chien**													
Director	Charles H.S. Ching**													
Director	Chou, T.C.***													
Director	Yang, Hsiang-Yun***													
Independent Director	Yungdu Wei													
Independent Director	Yojun Jiao													
Independent Director	Anping Chang													

* The Company’s remuneration paid to directors and relevant remuneration received by directors who are also employees is consistent with the subsidiaries in the financial report.
** It is the representative of Mitac Computer Co., Ltd. and the term was expired on June 11, 2015.
*** Representative of MiTAC Inc.
*** This amount is estimated as the remuneration to directors for 2017 has not yet been approved by the shareholders’ meeting. Relevant remuneration received by directors who are also employees is calculated based on the amount actually paid last year. Therefore, this is an estimated amount.
**** Proposed appropriation, not actually paid.

Remuneration to the president and vice-president

2017

Unit: %/in NTD thousand

Title	Name	Salary(A) **	Pension and Superannuation (B)** and ****	Bonus and special disbursement (C)**	Employee bonus distribution(D)**		Ratio of total remuneration (A+B+C+D) to net income (%)	Employee share subscription warrants**	Compensation from an invested company other than the Company's subsidiary**
					Cash dividends***	Stock dividends***			
President	Evans S.W. Tu*	96,000	4,860	-	-	-	1.65	-	-
Overseas Operation CEO	Matthew Feng-Chiang Miau*								
Vice-President	Beny Weii								
Vice-President	James Lee								
Vice-President	Dicky Chang								
Vice-President	Rex Shiue								

* The cost of transportation vehicles is NTD 9,160 thousand with a book value of NTD 4,672 thousand.

** The Company's remuneration paid to President and Vice President and relevant remuneration received by President and Vice President is consistent with the subsidiaries in the financial report.

*** Relevant remuneration received by President and Vice President for 2017 is calculated based on the amount actually paid last year and has not yet been approved by shareholders' meeting.

**** Proposed appropriation, not actually paid.

Name and distribution status of the managers for distribution of employee bonus

2017

Unit: %/in NTD thousand

	Title	Name	Stock dividends	Cash dividends*	Total	Ratio of total remuneration to net income (%)
			Amount	Amount		
Manager	President	Evans S.W. Tu	-	-	-	-
	Overseas Operation CEO	Matthew Feng-Chiang Miau				
	Vice President	Beny Weii				
	Vice-President	James Lee				
	Vice-President	Dicky Chang				
	Vice-President	Rex Shiue				
	AVP-Finance	Oliver Chang				
	Treasury Manager	Grace Huang				

* Relevant remuneration received by managers for 2017 is calculated based on the amount actually paid last year and has not yet been approved by shareholders' meeting.

3) Implementation of Corporate Governance

● Information on implementation of Board of Directors

As of April 30, 2018 the Board of Directors (A) has convened 8 meetings, and the records of attendance by directors and supervisors are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Note
Chairman	Matthew Feng-Chiang Miau	8	0	100.00%	
Director	Representative of MiTAC Inc.: Yang, Hsiang-Yun	8	0	100.00%	
Director	Representative of MiTAC Inc.: Chou, T.C	8	0	100.00%	
Director	Evans S.W. Tu	7	1	87.50%	
Independent Director	Yungdu Wei	8	0	100.00%	
Independent Director	Yojun Jiao	7	1	87.50%	
Independent Director	Anping Chang	5	3	62.50%	

Other noteworthy matters:

I. Where one of the following requirements is met in the operation of the Board of Directors, the date of the meeting, the term, the contents of the proposal, the opinions of all the independent directors, and the methods for dealing with the opinions shall be described.
   (1) Article 14-3 of the Securities Exchange Act: See the table below.
   (2) In addition to the matters mentioned above, Board resolutions that independent directors have expressed opposition or qualified options and have been noted in the record or declared in writing: None.

II. Avoidance of Conflict of Interest by Directors: None.

III. Assessment of objectives and implementation status in the area of strengthening the powers of the board of directors for the current and immediately past years will be carried out (set up audit committee and improve transparency of information): None.

Board meeting terms/date	Proposal and processing
1st meeting 2017 March 17, 2017	1. Payment of the 2016 remuneration to the employees and directors. 2. 2016 Annual surplus distribution 3. The loan to the 100% owned subsidiary Synnex Global Ltd. Independent directors' opinion: None Processing of independent directors' opinion: None Resolution: The proposal was approved by all the present directors.
4th meeting 2017 September 5, 2017	The disposition of the Company's holding of the Lien Hwa Industrial Corporation's common stock. Independent directors' opinion: None Processing of independent directors' opinion: None Resolution: The proposal was approved by all the present directors.
5th meeting 2017 September 11, 2017	The investment of the 100% owned overseas subsidiary King's Eye Investments Ltd. in FPT Trading Company Limited in Vietnam Independent directors' opinion: None Processing of independent directors' opinion: None Resolution: The proposal was approved by all the present directors.
6th meeting 2017 November 14, 2017	Planning of 2018 manager's remuneration. Since Chairman Matthew Feng-Chiang Miau and Director Evans S.W. Tu serve as the mangers concurrently, they summarized their stakes in this matter and left the meeting to abstain from voting. The Chairman designated Independent Director Yojun Jiao as his deputy to preside over the meeting.. Resolution: Except for the directors who had stakes in this matter and left the meeting to avoid the solution, the Deputy Chairman asked the rest directors for their opinions and all the present directors approved the proposal.

● Attendance of The Boards of Directors

2017 Attendance of The Boards of Directors ●：Attend in person；☆：By proxy；＊：Absent

2017	1st	2nd	3rd	4th	5th	6th
Yungdu Wei	●	●	●	●	●	●
Yojun Jiao	●	●	●	●	●	●
Anping Chang	●	●	☆	●	●	☆

Information on operation of Audit Committee

As of April 30, 2018, the Board of Directors (A) has convened 7meetings, and the records of attendance by directors and supervisors are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Note
Independent Director	Yungdu Wei	7	0	100.00%	Convener
Independent Director	Yojun Jiao	7	0	100.00%	-
Independent Director	Anping Chang	4	3	57.14%	-

Other noteworthy matters:

I. Where one of the following requirements is met in the operation of the Audit Committee, the date of the meeting, the term, the contents of the proposal, the opinions of all the independent directors, and the methods for dealing with thee opinions shall be described.
 (1) Article 14-5 of the Securities Exchange Act: See the table below.
 (2) In addition to the matters mentioned above, resolutions that did not approved at the Audit Committee meeting but agreed by 2/3 of all the directors: None.

II. Where any independent director is involved in the implementation of recusal with respect to any proposal, the name of the director, the contents of the proposal, the reason of the recusal, and participation in the voting: None.

III. Communication among the independency directors, internal auditing manger and CPA (including substantial matters regarding the financial and business conditions of the Company and the methods as well as results of the communication):
 (1) The internal auditing manager of the Company has regular communication with AuditCommittee members to understand the result of the audit, and reports at the quarterly meeting of the AuditCommittee. A report will be given at any time when any special circumstances occur. No such special circumstances occur in 2017 The AuditCommittee of the Company communicates with the internal audit manager very smoothly.
 (2) The CPA of the Company reports the audit and enquiry results of the current financial statements and other communication affairs required by relevant laws and regulations at the quarterly meeting of the Auditing Committee. A report will be given at any time when any special circumstances occur. No such special circumstances occur in 2017 The Audit Committee of the Company communicates with the CPA very smoothly.

Audit Committee meeting term/date	Proposal and processing
1st meeting 2017 March 17, 2017	1. 2016 final accounting documents 2. 2016 Annual surplus distribution 3. The loan to the 100% owned subsidiary Synnex Global Ltd. Independent directors’ opinion: None Processing of independent directors’ opinion: None Resolution: The proposal was approved by all present directors.
4th meeting 2017 September 5, 2017	The disposition of the Company’s holding of the Lien Hwa Industrial Corporation’s common stock. Independent directors’ opinion: None Processing of independent directors’ opinion: None Resolution: The proposal was approved by all present directors.
5th meeting 2017 September 11, 2017	The investment of the 100% wholly owned overseas subsidiary King’s Eye Investments Ltd. inn FPT Trading Company Limited in Vietnam. Independent directors’ opinion: None Processing of independent directors’ opinion: None Resolution: The proposal was approved by all present directors.

Operations of Remuneration committee

1. There are 3 members of the Remuneration committee.
2. Current term of the Remuneration committee: 2015.6.12 ~ 2018.6.11; as of April 30, 2018 the Remuneration committee (A) has convened 3 meetings. The qualifications and the records of attendance of committee members are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Note
Convener	Yojun Jiao	2	1	66.67%	-
Committee Member	Yungdu Wei	3	0	100.00%	-
Committee Member	Anping Chang	2	1	66.67%	-

Other noteworthy matters:

1. If the Board does not accept or amend the proposals of the Remuneration committee, clearly state the date, term, agenda, and resolution of the board and the Remuneration committee's opinion processed by the Company
(If the remuneration compensation approved by the Board is greater than the Remuneration committee's proposal, state the circumstances and reasons for the differences): None
2. If the committee members have objections or qualified opinions to matters resolved by the Remuneration committee documented or written, state the Remuneration committee date, term, agenda, the opinions of the members, and the process of the opinions: None

Information on Remuneration committee members

Identity	Qualifications / Name	5 years of experience in the following professions			Independence status*								Act as Remuneration committee Member of other public companies	Note**
		An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college or university.	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business.	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	1	2	3	4	5	6	7	8		
Independent Director	Yungdu Wei			V	V	V	V	V	V	V	V	V	6	-
Independent Director	Yojun Jiao		V	V	V	V	V	V	V	V	V	V	1	-
Independent Director	Anping Chang			V	V	V	V	V	V	V	V	V	-	-

* Remuneration committee members are subject to the following conditions for two years before being elected and during tenure:

(1) Neither employees of company nor its affiliates.

(2) Neither a director nor a supervisor of company nor affiliates, unless the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares.

(3) Not an individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held under others' name, in an aggregate amount of 1% or more of the total outstanding shares of the company or ranks among the top ten shareholders who are natural person in terms of the share volume held.

(4) Not a spouse or relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.

(5) Not directors, supervisors, or employees of a corporate shareholder that directly holds 5% or more of the total outstanding shares of the bank or ranks among the top 5 corporate shareholders in the terms of share volume held.

(6) Not directors, supervisors, or executive officer holding 5% or more shares of a specific company or institution and who also has financial or business dealings with the company.

(7) Not a business owner, partner, director, supervisor, manager, and their spouses of professionals, proprietors, partners, corporations, or institutions providing business, legal, financial, and accounting services to the company or its associated companies.

(8) Not any of the circumstances in the subparagraphs of Articles 30 of the Company Act.

The current status of corporate governance and its comparison against the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and its reasons

Assessment Items	Execution			Comparison against the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and its reasons
	Yes	No	Summary	
I. Does the Company base on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to set up and disclose the Company's corporate governance best-practice principles?	V		The Company intends to setup and disclose the "Corporate Governance Best-Practice Principles" in 2016.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
II. Structure of the Company's shareholders and equities (I) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly? (II) Does the Company keep track of the major controlling shareholders as well as their ownership structure? (III) Are the firewall and risk control mechanism to reduce the risks involved with the Company's related companies? (IV) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	V V V V		(I) The Company intends to setup the "Procedures for Handling Material Inside Information" in 2015 for compliance. In addition, the company has a spokesperson system established to properly handle the shareholders' proposals, doubts, disputes, and litigation matters. (II) Our company is able to keep track of the major controlling shareholders as well as their ownership structure; shareholding of the directors, supervisors and major shareholders are filed on the monthly basis in accordance with Securities and Exchange Act. (III) The company has established and implemented the related system in accordance with the governing law and regulations and the internal control system. In addition to actually handling the self-inspection process, the Board of Directors and management also regularly and occasionally review the self-inspection results of each department and the audit reports of the audit unit, substantiate the company's internal control system, establish profound financial, operational, and accounting management system and strengthen the management of the affiliated companies in accordance with the relevant provisions for the public companies, and implement the necessary control mechanism in order to reduce operational risk. Rules of financial and business operation with the related companies are based on fair and reasonable principle. (IV) The company has the code of conduct setup to prohibit the insiders of the company from utilizing the undisclosed information to trade securities.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
III. Board composition and responsibilities (I) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members? (II) Does the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily? (III) Does the Company have the performance evaluation rules and methods for the Board of Directors regulated and have the performance evaluation performed regularly every year? (IV) Is the independence of auditors regularly assessed?	V V V V		(I) The Company has stipulated in the Articles of Association to have 2-3 independent directors appointed in accordance with Article 14.2 of the Securities Exchange Act. In addition, it is stated in the Articles of Association to have the independent directors elected by nomination in accordance with Article 192.1 of the Company Law. The aforementioned amendment to the Articles of Association was resolved in the Company's 2011 General Shareholders' Meeting. The Company's independent directors were elected in 2012. The education and experience, professionalism, and independence of the three independent directors are in conformity with Article 2, 3, and 4 of the Rules Governing the Appointment of Independent Directors by Public Companies and Compliances; also, Article 192.1 Paragraph 4 of the Company Law. (II) The company is committed to pursue corporate governance and to strengthen the mechanism of organization and operation continuously. The Remuneration Committee was formed in 2012 The Audit Committee will be established in 2015; also, more functional committees will be planned continuously in the future. (III) The Board Chairman is the Chairman of the Company. The promotion of the business strategy is executed by the professional management. The responsibilities of the Board of Directors include supervision, appointment, and guide the company's management; also, responsible for the company's overall operations, improving the supervision mechanism and strengthening the management capabilities. However, a formal board performance evaluation method and assessment method is not yet established, which will be established in the future according to the actual practice in order to protect shareholders' interests. (IV) The company has the independence of the CPA assessed regularly and annually; also, considered whether it is necessary to have the CPA replaced. The appointment of the CPA is resolved by the Company's Board of Directors; also, there is not a conflict of interest and it is a reputable accounting firm in Taiwan; therefore, the independence and professionalism of the CPA is not in doubt.	(I) In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies". (II) For the consideration of the law and regulations or the actual operations, if any, it is to be handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the related law and regulations.
IV. Do listed and OTC companies set up designated (concurrent) company governance units or personnel responsible for the governance-related matters of the company (including but not limited to providing required materials for directors and supervisor to do their duties, dealing with matters related to the Board and shareholders' meetings according to laws, dealing with company registration and its change, preparing the minutes of the Board and shareholders' meetings)?	V		The Company has designated personnel responsible for the governance-related matters including providing required materials for the Board of Directors and independent directors to do their duties, dealing with matters related to the Board and shareholders' meetings according to laws, dealing with company registration and its change, preparing the minutes of the Board and shareholders' meetings.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"

V. Does the Company have established a communication channel for the stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up the stakeholder column on the Company's website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?	V		The Company has set up the stakeholder column and disclosed the contact phone number and person to respond to the stakeholders appropriately.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
VI. Does the Company have commissioned a professional stock affairs service agent to handle shareholders affairs?	V		The company commissions China Trust Commercial Bank to handle the shareholders' meeting related matters.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
VII. Information disclosure (I) Does the company have a website setup for the disclosure of relevant information on financial status and corporate governance? (II) Are there other methods adopted to disclose information (i.e., Set up English website, designate a person engage in gathering and compiling the Company's information, implement spokesperson system, display company website during meeting with institutional investors.)?	V V		(I) The Company has set up a website (http://www.synnex-grp.com.tw) to disclose relevant information on financial status and business. (II) As required, relevant information of the Company has been disclosed in "Market Observation Post System" for the understanding and inquiry of the investors. (III) The company has a spokesman and a deputy spokesman appointed. (IV) The Company has the corporate governance information disclosed in the "Investor Relations" section on the Company's website with the information updated in a timely manner.	(I) In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies". (II) For the consideration of the law and regulations or the actual operations, if any, it is to be handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the related law and regulations.
VIII. Are there other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the continuing education of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		(I) Employee benefits: We firmly believe that staff is the driving force of business growth; therefore, the company appreciates the importance of employee benefits; also, is committed to fulfill all the legal rights and interests of employees. 1. System: (1) Labor and health insurance, pension appropriation, employee education and training, employee health seminars from time to time; (2) Continuing to provide employees with a variety of benefits, such as: a life insurance with a coverage of at least NTD3 million (far better than the general business), free health checkup, weddings, funeral, and maternity benefits, interest-free loans, external training subsidies, etc. 2. Implementation: (1) Statutory rights and interests of employees are handled according to law; (2) Various employee benefits are handled by the designated personnel; (3) The group insurance has provided sufficient coverage to the employees who had suffered severe injuries or sickness in the recent years with 3-5 years of economic security provided. Considering the needs of the employee's families for insurance coverage, the company provides the employees and their families with preferential "Vanity" life insurance and accident insurance policy. (II) Investor Relations: The company insists on the principle of integrity and information disclosure fairness; also, exercises corporate governance transparency, regularly publishes company operational and financial information to the shareholders, and sets the spokesman and deputy spokesman system to fulfill the company's information disclosure responsibility and obligations of the. (III) Supplier relationships and the rights of interested parties: The company and its suppliers have maintained a long-term close relation of cooperation. (IV) Advanced study of the directors and supervisors: The Directors and Supervisors of the Company have a background in industry and have the advanced studies disclosed in the "MOPS" for the reference of the shareholders and investors. The 2017 advanced studies are disclosed in the attachment. (V) Implementation of risk management policies and risk measurement: Internal regulations are stipulated accordingly for risk management and assessment. (VI) The recusal of the interested directors: The Directors of the Company must be recused from voting on any motions in conflict with. (VII) Implementation of the customers' policies: The company and its customers remained a stable and good relationship to create profits for the company. (VIII) The purchase of liability insurance for the directors and supervisors: The Company has acquired liability insurance for our directors and supervisors in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and it has been disclosed in the "MOPS." Insured subject / Insurance company / Insured amount (NTD: Thousand) / Insurance period: All directors and supervisors / Fubon Insurance Co., Ltd. / 656,860 / 09.01.2016~09.01.2017 All directors and supervisors / Fubon Insurance Co., Ltd. / 594,800 / 09.01.2017~09.01.2018 (IX) The directors and supervisors of the Company have fulfilled responsibilities truthfully and exercised power in good faith. (X) The Company has the "Rules of Procedure for Board of Directors Meeting" stipulated and implemented. (XI) The Company's board meeting has been convened quarterly at least to strengthen corporate governance.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"

IX. The companies shall describe the improvements made according to the last corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Securities Exchange and the measures to be enhanced in the first priority for the matters that have not been improved. The Company was ranked within the Top 36%~50% in the 2017 corporate governance evaluation.

(1) The improvements that the Company has made regarding the 2017 corporate governance evaluation:

Indicator		Improvement
3.7	Does the annual report of the Company disclose the detail about the independent directors' opinion toward the Board of Directors'crucial proposals and how the Company deals with the Independent Director's opinion?	Information has been disclosed in the 2017 annual report.
3.33	Does the Company take out liability insurance for all the directors and supervisors report it to the Board of Directors?	The company has renewed the directors and supervisor liability insurance from September 1, 2017 to September 1, 2018 with Fubon Insurance and the insured amount is USD 20 million. This was reported to the Board of Directors at November 14, 2017 in accordance with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
4.15	Does the Company's website disclose the profile of the Company, at least including the history of the Company, the products produced or the services provided, and the organization and management team?	We added the disclosure of organizational structure and management team on the Company's website.
4.16	Does the annual report of the Company disclose the amount and property of the non-audit fees for the CPAs and their accounting firms?	This was disclosed in the 2017 annual report.
4.20	Does the Company's website disclose the Company's management information at least including the Articles of Incorporation and the governance structure of the Company?	We added the disclosure of related management information of the Company on the Company's website.

(2) The measures to be enhanced in the first priority for the matters that have not been improved in the 2017 corporate governance evaluation indicators:

Indicator		The measures to be enhanced in the first priority
3.14	Do the directors and supervisors finish their advanced study hours in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies?"	We provided or held related advanced study courses.

Education of directors and supervisors

Director and Supervisor		Educational institutions	Course title	Training period	Credit hours
Director	Matthew Feng-Chiang Miau	Taiwan Institute of Directors	The rise of innovation economy - The revolution and challenge of business management.	2017.02.15	3
Director	Matthew Feng-Chiang Miau	Taiwan Corporate Governance Association	Leading revolution experience sharing - the power to activate the transformation of Taiwan Power Company	2017.07.06	3
Representative of corporate director	Chou, T.C.	ROC Securities and Futures Institute	2017 Inside trading and corporate social responsibility conference	2017.04.07	3
Representative of corporate director	Hsiang-Yun Yang	ROC Securities and Futures Institute	International and domestic anti-avoidance development and responses to be taken by enterprises	2017.10.19	3
Representative of corporate director	Hsiang-Yun Yang	ROC Securities and Futures Institute	The discussion of the new money laundering control Act's impact on Companies	2017.10.31	3
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	From the incident of Mega International Commercial bank to discuss the following of company regulations and director's supervision responsibility	2017.02.22	3
Independent Director	Yungdu Wei	ROC Securities and Futures Institute	2017 Inside trading and corporate social responsibility conference	2017.04.07	3
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	How does the Board of Directors and supervisors supervise the Security Risk Management of the Company	2017.09.06	3
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	The 13th International Corporate Governance Forum	2017.10.25	3
Independent Director	Yungdu Wei	Taiwan Academy of Banking and Finance	Operating practice and company management of the Board of Directors and supervisors courses	2017.11.01	3
Independent Director	Yungdu Wei	Taiwan Academy of Banking and Finance	Company management lecture (Session 5)	2017.11.15	3
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Cross-strait merger tendency and practice sharing	2017.12.12	3
Independent Director	Yungdu Wei	Taiwan Academy of Banking and Finance	Operating practice and company management of the Board of Directors courses	2017.12.26	3
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	Embrace the trade, take advantage of it and welcome the Io T and 4.0 industrial new generation	2017.01.05	3
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	Leading revolution experience sharing-the power to activate the transformation of Taiwan Power Company	2017.07.06	3
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	Knowledge management case sharing	2017.08.04	3

- **Performance of Social Responsibilities**

Assessment Items	Execution			Comparison against the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and its reasons
	Yes	**No**	**Summary**	
I. Exercising corporate governance				
(I) Has the company declared its corporate social responsibility policy and examined the results of the implantation?	V		(I) The company's corporate social responsibility policy is promulgated in accordance with "Synnex values" and has formed part of corporate culture. The complete "Synnex's values" (enacted in 1988) is as follows: 1. Maintaining the interests of employees and shareholders is our responsibility. We will handle each other's interests based on honest and fair principles. 2. We concentrate on establishing a good corporate culture so as to allow employees opportunities to realize their full potential within the company's business philosophy and organizational strategies. 3. We are dedicated to the principles of integrity and highest business ethics, we do not provide incentive to others to violate the employer or the company's interests while do not allow our employees to receive the incentive. 4. To us, contribute to the society or the industry is our obligation and mission. 5. Our belief: win trust is an honor and responsibility; accept criticism with grace is seen as wisdom and courage.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(II) Does the Company have the CSR education and training arranged on a regular basis?	V		(II) The company has education and training courses arranged for the new recruits on the day they report to work with the company's business operation and philosophy advocated, including the concept of corporate social responsibility. Advocate positive viewpoint with a subtle effect through long-term internal education and training of Synnex EMBA articles and Synnex conceptual phrases.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(III) Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		(III) The Company established the CSR Work Team in 2015 with the President designated as the convener. The promotion of corporate social responsibility is to be coordinated by the Human Resources Quality Management Department of the President's Office. Four work teams were formed on the subject with a competent director and employees of each department elected to fulfill the responsibilities. The CSR Work Team is responsible for coordinating, managing, and implementing the CSR policies and activities of Synnex; also, it is responsible for preparing and publishing the annual CSR report.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(IV) Does the Company have a reasonable salary and remuneration policy setup, have the employee performance evaluation system combined with corporate social responsibility policies, and have a clear and effective reward and punishment system established?	V		(IV) The company sets a reasonable remuneration policy with the considerations of external market, internal fairness, and reasonableness; also, based on the operational goals and individual performance. The annual gross income reflects individual contribution fairly and truthfully. The company had integrity and fairness disclosed in the company's sense of value when the company was founded, protecting the interests of staff and shareholders, upholding the highest business ethics, and not infringing the company's interests for any personal gains. Each employee commits to comply with the integrity rules with a contract and integrity commitment letter signed; also, the rewards and penalties system is set to clearly regulate the code of conduct.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
II. Fostering a sustainable environment				
(I) Does the company endeavor to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment?	V		(I) The company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment. 1. Reuse of recycled packaging materials. 2. Promote paperless operations, such as use electronic signature system to reduce paper consumption and reach the goal of energy conservation and carbon and greenhouse gas reduction.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(II) Does the Company establish proper environment management systems based on the characteristics of their industries?	V		(II) Though Synnex is a distributor of 3C products instead of highly polluted industry, but we devote to fulfill environmental responsibility based on the faith that earth is part of our life. We dedicated ourselves to increasing the efficiency of energy and resources utilization to lower the environmental burden. There is a matured energy-saving management and a mechanism for increasing efficiency of energy and resources utilization in the biggest energy consuming logistic center. For instance, the Company modifies the facilities based on regular operation procedure, reduces the idle time of transport equipment, closes the less used air conditioning and rises environment temperature, closes the lighting equipment on unmanned areas. We also have investments in the incensement of isolated air conditioning and the regular maintenance of air conditioning equipment, and we replaces light fixture to energy-saving LED light and improves equipment power factor. The Company also manages from the source to activate three stage electricity prices and follows the electricity price's high low peak to adjust working time, lowers the electric power utilization of contract capacity. If the contract capacity is excelled, we will evacuate modifying plans.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".

(III) Does the Company monitor the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction?	V		(III) The Company engages in consumer electronics products channel sale that is not a high-polluting industry. The carbon dioxide emissions are mainly generated by the vehicles used by the operations center. The carbon dioxide emissions are calculated according to the vehicle mileage. A total of 1,416 metric tons of carbon dioxide emission was generated by vehicles in 2017. For the replacement of old vehicles, the vehicles that meet the fifth emission standard are used to reduce the impact of vehicles on environmental protection. The strategies that the Company established for energy conservation and carbon and greenhouse gas reduction are as follows: 1. Main engine of air conditioner cannot be started when office temperature below 26°C. 2. Air conditioner switched off at 7:30PM. 3. All lamps used in the manufacturing plant are T5 energy saving fluorescent lamp and single fluorescent lamp. 4. All distribution vehicles must turn off engine when parked in the plant site, and air conditioner is disallowed at low speed. 5. Promote use of the stairs and skip the use of elevators.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
III. Preserve public welfare				
(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(I) The Company treats employees with good faith, and protects employees legitimate rights based on Labor Standard Law, International Human Right Pact, and the management policies stipulated in accordance with the governing law and regulations; in addition, labor meetings are held regularly to open door for communication between employers and employees so as to establish understanding and promote harmony. Gender equality is respected in the Company, sexual harassment prevention rule has been scheduled, and provide job opportunities for disabilities to allow same career development as if they are normal people.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(III) Does the Company provide safe and healthy work environments for its employees, and organize training on safety and health for its employees on a regular basis?	V		(III) The company values employee's safety and mental and physical health, is dedicated to improving the working environment, enhancing employee's safety and health awareness, and stipulating the relevant management mechanisms with the mode of operation illustrated as follows: 1. Work environment and employee safety protection (1) The company constructs a safe and healthy workplace, regularly maintains and improves equipment; office computer with low blue screen is selected to provide employees with comfortable, healthy, and friendly office equipment. (2) The company's workplaces are covered with the public liability insurance and the public safety equipment inspection of the building and firefighting plan is reported to the competent authorities lawfully. Moreover, the fire management personnel qualification license and certificate is acquired; the workplace firefighting plan is stipulated, and the workplaces firefighting equipment safety is maintained. (3) Appoint safety and health personnel; also, arrange safety and health education and training. 2. Employee health enhancement (1) The company has full-time nurses appointed to provide employee with health counseling; also, to arrange health seminars with physicians invited to share health information with the employees, to provide proper health management knowledge, and to reinforce employee's awareness of health. (2) Arrange regular free health checkup and the nurses are to provide necessary assistance in tracking any abnormality, provide excellent healthcare, and to safeguard employee's health. (3) Arrange sports events and health promotion competition; also, encourage employees to pay attention to their own health. (4) Provide shoulders and necks pressure relief massage service from time to time in order to improve the stiffness after a long hour of sitting in office and to improve blood circulation.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(IV) Does the Company establish regular communication mechanisms for employees, and have employees notified in a reasonable manner of any changes that may have a significant impact on them?	V		(IV) The Company holds regular labor meetings to provide channels of communication between employers and employees, build consensus, and promote harmonious labor relations; it also, communicates messages by e-mail occasionally.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(V) Does the Company develop an effective career capacity training program for the employees?	V		(V) The company firmly believes that: "Good employees make a good department; a good department makes a good company." Plan professional job training and construct a knowledge management system for autodidacts since the new recruits reporting to work so the employees can continue to grow with their professional skills enhanced. In addition, schedule reports and integrate reading in each stage of the career development in order to help employees enhance career skills through the systematic practice.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(VI) Does the Company establish the relevant consumer protection policies and complaint procedures in the sense of R&D, procurement, production, operations, and service processes?	V		(VI) The Company is an agent and is mainly to serve consumers in accordance with the service specifications of the manufacturers and government laws and regulations. Synnex e-city website Customer Service Box and Service Hotline are provided to control, care for, and handle the interests of consumers and the satisfaction of post-sale service.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(VII) Does the Company market and label the products and services in accordance with the relevant regulations and international norms?	V		(VII) The company has the marketing and labeling of products and services handled in accordance with the commodity labeling law and the information, communications (3C) label standard and other requirements published by the Department of Commerce MOEA so that consumers can understand the products fully.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".

(VIII) Does the Company check the suppliers in advance for any records of impacting the environment and society?	V		(VIII) Regarding the implementation of environmental and corporate social responsibility, in addition to strengthening corporate self-management, in terms of selecting partners, the company's focus is not on profits but in fulfilling corporate social responsibility as an important indicator for long-term cooperation. In evaluating vendors' fulfilling their social responsibility, the company mainly evaluate the following items: 1. "Integrity management, clean transaction" Link with the vendors and customers through our role as an agent to jointly create a harmonious and pure trading environment. In addition to honor the commitment to integrity, the company shall also comply with the Electronic Industry Code of Conduct and related laws and regulations as a law-biding and practical enterprise. 2. "Green environment, energy recycle" Request the manufacturers and suppliers to comply with the requirements of EU environmental norms and national environmental laws and regulations; also, aim for a sustainable development and expand the overall green supply chain performance.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(IX) Does the contract signed by the Company with the major suppliers entitle the Company to have the contract cancelled or terminated at any time when the suppliers violate the CSR policies that have a significant impact on the environment and society?		V	(IX) Currently the agreement of having a contract terminated or cancelled while violating the "Corporate Social Responsibility Policy" is not signed by all the trade partners of the company; however, the company is now actively promoting it in order to achieve the goal of having the company and suppliers worked together to enhance corporate social responsibility.	Disclose when there is regulatory or actual requirement.
IV. Enhancing information disclosure (I) Does the Company have the relevant and reliable CSR information disclosed on the Company's website and MOPS?	V		The Company had the CSR section setup on the website with the first 2016 CSR report published in June 2017 and uploaded on the Company's website and MOPS. The annual CSR report will be published in the following year for the reference of the stakeholders with the contact information provided as a communication channel with the stakeholders.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
V. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies", please describe any discrepancy between the principles and their implementation: The implementation of the Company's CSR is described below. In addition, please refer to the CSR report published in the CSR section on Synnex's website.				
VI. Other important information to facilitate better understanding of the Company's corporate social responsibility: It is described below. In addition, please refer to the CSR report published in the CSR section on Synnex's website.				
VII. If the products or corporate social responsibility report have received assurance from external institutions, they should state so below: None.				

The implementation of other corporate social responsibilities.

Environmental management

Synnex is engaged in 3C channel business operation that does not involve high pollution. However, Synnex is based on the strong belief of being a global citizen on Earth to strive for environmental protection.

(I) Reduce the impact of business services on the environment

Synnex has recycling symbols and recycling bins setup for obsoleted or used cellphones, electronic products, and batteries at the maintenance centers in Taiwan. Consumers are reminded to have their personal information deleted from their cell phones before recycling for personal privacy protection. The recycling and disposition process is handled by contracted vendors on a quarterly basis

(II) Reduce the impact of logistics and transportation delivery on the environment

For the consumables channel business operation, logistics vehicles are the main source of energy consumption and greenhouse gas emissions. Therefore, Synnex was well aware of such issue long before and has taken the necessary measures for management in order to reduce the impact on the environment throughout the product transportation process. While replacing used vehicles with new ones, vehicles in compliance with the environmental regulations of the ROC are used to reduce air pollution throughout the product transportation process. Synnex, through the logistics management information system developed in-house, combined with its own distribution fleet and years of practical experience in distribution, has its distribution routes divided and planned with 2~3 deliveries made daily by the designated personnel and vehicles in order to reduce inefficient transport routes. Logistics vehicles coming back into the plant must have the engine turned off and the air conditioning turned off while the vehicles are idling.

Employee Care

Synnex strongly believes: "Good staff makes a good sector; a good sector makes a good company." We wish to provide each employee with appropriate care and attention, to substantiate employee care, to offer colleagues with a talent development platform, and to continue bringing a sense of accomplishment and satisfaction at work. Based on the employee-oriented concept, Synnex has constructed a diversified, equal, warm, and sound workplace; also, we paid attention to employee safety and talent training and development.

(I) Employee diversification and equality

We hire employees without any discrimination in the sense of race, class, language, thought, religion, political party, place of birth, gender, appearance, facial features, sexual orientation, age, marital status, mental and physical disability, or union membership.

(II) Workplace Safety and Health

Workplace safety and health is an important commitment of Synnex so that employees can work at ease. To strengthen the prevention of occupational hazards, our electromechanical technicians patrol the workplaces and engineering rooms daily, strengthen electrical safety (For example: Replaced the 1250KW and 750KW transformer insulation oil in the B1 high voltage transformer room at the end of 2015), enhance workplace equipment safety (replaced the elevator wire rope in 2016), test water quality quarterly, perform repair work (For example: Repaired scaffolding and strengthened the lighting of the motorcycle parking lot), renew protection gear (For example: attic ladder rackmount); and regularly inspect building structural safety, tilt, firefighting equipment, building facilities security, etc. to ensure that our partners are able to work at ease.

We held various education training for the logistic staffs to prevent occupational injury such as new hired online education, fork lift operation safety, correct posture to carry heavy matters and gymnastic warm-up every morning to prevent injury. We also provided waist support and earplug for the shipping team to lower occurrences of occupational injury.

We introduced health service doctors since November 2013 with services provided on site every two-months, including health seminars and physician consultation; also, we setup healthcare nurses in April 2014 to regularly inspect the nursery environment and supplements. The screens (low blue light equipment) in the office have been fully replaced since 2015 to reduce the hazard of eye injury of colleagues who have to stare at the screens for a long time. We arrange health promotion activities, such as, weight loss programs, Employee Athletic Games, blood donation activities, staff canteen to provide healthy foods (fruit and bread), etc., and the establishment of corporate group activities (a basketball club).

(III) Peace of mind and Security

1. Emphasizing the creation of an "intelligent and balanced work life style" to encourage colleagues "taking vacation" adequately. In addition to the annual leave required by law, new recruits with less than one-year seniority are entitled to a 7-day leave (proportionally to the days of work performed) that is more preferential than the requirement of the Labor Standards Law.
2. Obtain life insurance coverage for at least NT$3 million for all full time employees to strengthen the family basic protection for employees.
3. Employees with one-year seniority may apply for interest-free loans for purchasing a family home, home improvement, marriage, birth, car, and emergency relief, so far, more than 500 employees had applied for such loans.
4. Gift money/gift certificate for marriage, funeral, hospitalization, maternity, and birthdays;
5. Statutory protection of full payment of labor insurance, labor pension appropriation, and national health insurance.

(IV) Women Friendly Workplace Environment

1. The Company's selection and promotion of personnel is not affected by the factor of gender. More than 50% of the managers are women.
2. A comfortable and private nursery is offered for stress-free breast feeding.
3. We provide the employees with a friendly flexible parental leave environment. According to the statistics, 50% of the female colleagues (also a number of male colleagues had applied for parental leave) had applied for parental leave right after maternity leave in the last three years; also, up to 72% of the colleagues on a parental leave had applied for reinstatement that has helped reduce female colleagues torn between work and family care, so that female colleagues do not have to cut their career short due to the need for short-term family care.

Social Care

Synnex has upheld the belief of "knowledge and experience sharing is our way of community feedback" for years and we considered knowledge sharing is the best way to increase the average national social knowledge. Therefore, Synnex's years of experience and knowledge in internal management is composed as internal education and training materials of "Synnex EMBA" and "Synnex Concepts" and shared with the world free of charge; moreover, the royalty income of the articles published is donated entirely for promoting education, culture, and arts. Synnex's management experience is also provided to the academic community for study. The Business School of National Chengchi University has chosen Synnex as a case study of Taiwan business management and the case study is issued to business schools worldwide. In addition, the Synnex Operations Center accepts visitation applications filed by academic institutions for teaching and research purposes in order to promote academic exchanges and to provide students with internship opportunities for talent cultivation. Synnex has held many public welfare activities in recent years, including the Eden massage activity to provide the visually disabled with job opportunities, invitation of Syin-Lu Social Welfare Foundation to hold charity fairs in the Company, purchase of charity moon cakes as a gift for the employees to celebrate the Mid-Autumn Festival, and a blood donation activity. In addition to supporting public welfare, Synnex has adopted street trees, continued to feedback to society, and fulfill corporate social responsibility.

Status of Implementation of Integrity Operation

Item	Execution			Comparison against the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and its reasons
	Yes	No	Summary	
I. Set integrity management policies and programs				
(I) Does the company express a clear integrity management policy in the Articles of Association and external documents, and the board and the management are actively committed to its implementation?	V		(I) The Company has established the "Integrity Management Code" and the Internal Audit Office is responsible for integrity management policies, prevention programs, and supervision.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".
(II) Does the Company have the prevention program for any fraud stipulated and have the respective operating procedures, guidelines for conduct, disciplinary actions, and complaints system declared explicitly; also have it implemented substantively?	V		(II) The company has stipulated the "Manufacturers Commitment" to request all suppliers having transactions conducted faithfully without any acts of bad faith, and to establish a good procurement system. To ensure the implementation of integrity management, the Company has established an effective accounting system and internal control system; also, internal audit staff has the compliance of the systems referred to above checked regularly.	
(III) Does the Company have preventive measures adopted in response to the conducts stated in Article 7 Paragraph 2 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" or other business activities subject to higher risk of fraud?	V		(III) The company has the "code of conduct" setup. The management measures are established to prevent bribery and taking bribe and prohibit providing illegal political contributions, improper charitable donations or sponsorship, and offering or accepting unreasonable gifts, entertainment, or other improper benefits for the operating activities stated in Article 7 Paragraph 2 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" or other business activities subject to higher risk of fraud.	
II. Implementation of integrity management				
(I) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	V		(I) The Company has stipulated the "Manufacturers Commitment" to request all suppliers having transactions conducted faithfully without any acts of bad faith, and to establish a good procurement system.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
(II) Does the Company have a specific (part-time) unit setup under the board of directors to advocate the code of integrity and to report on its implementation to the Board on a regular basis?		V	(II) The Company has not set up a dedicated unit for integrity management. Each department is to fulfill integrity management according to job responsibilities and operation scope.	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		(III) The Company has stipulated the "Employee Integrity Commitment" to request that employees shall not commit any form of "improper conduct," such as, kickback, commissions, equity interest in any form or improper gifts, or illegal gains that directly or indirectly benefits oneself, related parties, or designated personnel; also, to prevent any personal gain at the expense of the Company.	
(IV) Does the Company have established effective accounting systems and internal control systems to substantiate ethical management; also, have audits performed by the internal audit unit on a regular basis or by the commission CPAs?	V		(IV) To ensure the implementation of integrity management, the Company has established an effective accounting system and internal control system; also, internal audit staff have the compliance of the systems referred to above checked regularly.	
(V) Does the Company have organized ethical management internal and external education and training programs on a regular basis?	V		(V) The company has the "Integrity Management Code" and "Code of Conduct" setup to have integrity management embedded in corporate culture; also, to advocate it from time to time in various meetings and Synnex EMBA advocacy in order to have it substantiated. The related specifications of the company's integrity management are advocated before having a trade agreement signed with the suppliers.	
III. The operation of the Company's Report System				
(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established, and a responsible staff designated to handle the individual being reported?	V		(I) The company has the "code of conduct" setup. Any person who is engaged in or aware of any violations of the Code and the relevant provisions of the act or activity is responsible to report it to the immediate supervisor or the company's audit unit immediately.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
(II) Does the Company have the standard investigating procedures and related confidentiality mechanism established for the incidents being reported?	V		(II) The company's audit unit accepts anonymous report. The informer must provide sufficient relevant information to facilitate the company's verification.	

(III) Does the Company have taken proper measures to protect the whistleblowers from suffering any consequence of reporting an incident?	V		(III) No informer will be retaliated against or threatened for reporting possible violation of norms, suspicious violation of the Securities Exchange Act, and other illegal activities. Any informer who has been retaliated against, threatened, or warned should immediately report it to the immediate supervisor or company's audit unit.	
IV. Enhancing information disclosure (I) Does the Company have the content of ethical management and its implementation disclosed on the website and MOPS?	V		The company has a website setup to disclose the relevant corporate culture, business policy, and other information. The company is currently undergoing the setup the corporate governance in English and Chinese in the Investor Section of the website; therefore, the information of corporate governance will be disclosed upon the completion of the website setup.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
V. If the company has integrity management defined in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies," please describe the operational differences from the Code: The Company has the "Integrity Management Code" setup in compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."				
VI. Other important information that helps understand the company's integrity management: 1. The Company has complied with the Company Law, the Securities and Exchange Act, the Business Accounting Law, listed and OTC relevant rules, or other publicly traded commercial activities related law and regulations for the implementation of integrity management. 2. The Company has director conflicts of interest defined in the "Regulations Governing Procedures for Board of Directors Meeting" Board Rules." If the proposals proposed in board meetings have a conflict of interest with the directors or the statutory representative that is detrimental to the company's interest, the directors may present their views and answer questions but may not join discussion and voting; also, they shall be excused in discussion and voting and shall not exercise their voting rights on behalf of other directors by proxy. 3. The Company has stipulated the "Manufacturers Commitment" to request all suppliers having transactions conducted faithfully without any acts of bad faith, and to establish a good procurement system. 4. The company has the company's Integrity Management Code reviewed and amended in accordance with FSC Certificate Far.Tzi No. 103003989 Letter dated October 31, 2014 by the Financial Supervisory Commission.				

Important resolutions of Shareholders' Meeting and Board of Directors

Shareholders' Meeting

Date of meeting	Summary of important resolutions	Result	Resolution
2017.06.07	1. Approved 2016 financial statements.	Adopted	
	2. Approved 2016 earnings distribution. Shareholder's dividend: Cash dividend per share amounted to NTD1.0.	Adopted	September 03, 2017 was set as the distribution base date; all the dividends were paid on September 22, 2017 in accordance with the resolutions of the shareholder's meeting
	3. Discussion of revision of the Company's "Articles of Association."	Adopted	Registration was approved by the Ministry of Economic Affairs on June 07, 2017 and was disclosed on the Company's website.
	4. Discussion on partial revision of the Company's "Procedure for Handling Acquisition and Disposal of Assets."	Adopted	Disclosed on the Company's website on June 07, 2017 and acted pursuant to the new procedure.

Board of directors

Date of meeting	Summary of important resolutions	Result of resolution
2017.03.17	1. Discussion of the 2017 operating plan of the Company.	Adopted by all present directors
	2. Discussion and approval of the internal control statement.	Adopted by all present directors
	3. Discussion about the revision of part of the Company's "Articles of Association."	Adopted by all present directors
	4. Discussion about the Company's 2016 payment of remuneration to employees and directors.	Adopted by all present directors
	5. Discussion of the Company's 2016 financial statement.	Adopted by all present directors
	6. Determination of the 2016 earnings distribution. Shareholder's dividend: Cash dividend per share amounted to NTD 1.0	Adopted by all present directors
	7. Discussion about convention of the 2017 regular shareholders' meeting.	Adopted by all present directors
2017.08.11	1. Discussion of cash dividend distribution base date.	Adopted by all present directors
2017.09.05	1. Discussion of disposition of the Company's holding of the Lien Hwa Industrial Corporation's common stock.	Adopted by all present directors
2017.09.11	1. Discussion on the investment of the 100% owned overseas subsidiary King's Eye Investments Ltd. in FPT Trading Company Limited in Vietnam.	Adopted by all present directors
2017.11.14	1. Discussion on revision of the Company's "Rules of Procedure for Board of Directors Meeting."	Adopted by all present directors
	2. Discussion on revision of the Company's "Audit Committee Charter."	Adopted by all present directors
	3. Discussion about adoption of the "2018 Auditing Plan."	Adopted by all present directors
2018.03.13	1. Discussion of the 2018 operating plan of the Company.	Adopted by all present directors
	2. Discussion and approval of the internal control statement.	Adopted by all present directors
	3. Discussion about the revision of part of the Company's "Articles of Association."	Adopted by all present directors
	4. Discussion of revision of the Company's "Procedure for Handling Acquisition and Disposal of Assets."	Adopted by all present directors
	5. Discussion about the Company's 2017 payment of remuneration to employees and directors.	Adopted by all present directors
	6. Discussion of the Company's 2017 financial statement.	Adopted by all present directors
	7. Draw-up of the 2017 earnings distribution. Shareholder's dividend: Cash dividend per share amounted to NTD 2.2	Adopted by all present directors
	8. Discussion about convention of the 2018 regular shareholders' meeting.	Adopted by all present directors

* The above specified only partial information of meeting of Board of Directors and Shareholders, the information disclosed here only includes the information that the Company believe may have significant impact on investors.

4) Changes in shareholdings of directors, supervisors, managers, and principal shareholders

Title Name	2017		2018.01.01 ~ 2018.04.14		Note
	Changes in shareholding	**Changes in pledged shareholding**	**Changes in shareholding**	**Changes in pledged shareholding**	
Chairman and Overseas Operation CEO Matthew Feng-Chiang Miau	(40,000)	-	-	-	
Director and president Evans S.W. Tu	-	-	-	-	
Director Yang, Hsiang-Yun and Chou, T.C.	-	-	5,045,000	-	Representative of MiTAC Inc.*
Independent Director Yungdu Wei	-	-	-	-	
Independnet Director Yojun Jiao	-	-	-	-	
Independent Director Anping Chang	-	-	-	-	
Vice-President Beny Weii	-	-	-	-	
Vice-President James Lee	-	-	-	-	
Vice-President Rex Shiue	-	-	-	-	
Vice-President Dicky Chang	50,000	-	-	-	
AVP-Finance Oliver Chang	(60,000)	(400,000)	-	-	
Treasury Manager Grace Huang	-	-	-	-	
Major shareholder MiTAC Inc.	-	-	5,045,000	-	

* Information includes only changes in shareholding and pledges of corporate shareholders.

** The counterparty of the equity transfer and pledge a related party: None.

III. Capital and shares

1) Category of shares

2018.04.14
Unit: Share

Category of shares	Authorized capital			Note
	Outstanding shares (listed)	Un-issued shares	Total	
Registered ordinary shares	1,667,946,968	532,053,032	2,200,000,000	

2) Shareholder structure

2018.04.14

Item	Government institutions	Financial institutions	Other institutional shareholders	Personal shareholders	Foreign institutions and personal shareholders	Total
Number of shareholders	1	56	191	41,992	745	42,985
Shares	616	203,482,116	418,143,092	305,909,917	740,411,227	1,667,946,968
Shareholding %	0.00	12.20	25.07	18.34	44.39	100.00

3) Distribution of shareholding

NTD 10 par
2018.04.14

Classification of shareholding	Number of shareholders	Shares	Percentage of shareholding (%)
1 - 999	13,531	3,273,356	0.20
1,000 - 5,000	19,526	41,359,940	2.48
5,001 - 10,000	4,331	30,086,128	1.80
10,001 - 15,000	1,832	21,716,897	1.30
15,001 - 20,000	821	14,275,509	0.86
20,001 - 30,000	879	21,168,695	1.27
30,001 - 40,000	436	14,920,776	0.89
40,001 - 50,000	257	11,569,605	0.69
50,001 - 100,000	549	37,922,783	2.27
100,001 - 200,000	301	43,248,766	2.59
200,001 - 400,000	185	52,976,486	3.18
400,001 - 600,000	93	45,521,170	2.73
600,001 - 800,000	42	29,399,618	1.76
800,001 - 1,000,000	28	25,241,753	1.51
1,000,001 and above	174	1,275,265,504	76.47
Total	42,985	1,667,946,968	100.00

4) Major shareholders

2018.04.14

Major shareholders	Shares	Percentage of shareholding (%)
MiTAC Inc. Representative: Matthew Feng-Chiang Miau	232,246,054	13.92
Matthew Pacific Tiger Fund investment accounts managed with HSBC acting as custodian bank	95,600,921	5.73
Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank	61,936,004	3.71
Fubon Life Insurance Co., Ltd. Representative: Benyuan Zheng	55,714,550	3.34
Evans S.W. Tu	36,156,381	2.17
Public Service Pension Fund Management Board	35,938,940	2.15
Lien Hwa Industrial Corp. Representative: Matthew Feng-Chiang Miau	34,093,125	2.04
Matthew Feng-Chiang Miau	31,772,004	1.90
Cathay Life Insurance. Representative: Diao-gui Huang	30,790,550	1.85
Vanguard ETF Fund Accounts managed by Standard Chartered acting as custodian bank	24,691,300	1.48

5) Market price per share, Net assets per share, earning per share and dividends

Unit: NTD

Item / Year		2016	2017	2018.03.31
Market price per share	Highest	39.00	41.35	43.80
	Lowest	29.50	32.05	36.75
	Average	33.54	35.07	40.62
Net worth per share	Before distribution	25.52	27.08	*****
	After distribution**	24.52	NA	NA
Earnings per share	Weighted average shares (in thousands of shares)	1,667,947	1,667,947	1,667,947
	Earnings per share – before adjustment	2.92	3.67	*****
	Earnings per share – after adjustment*	2.92	3.67	NA
Dividends***	Cash dividend	1.00	2.20	NA
	Dividend from retained earnings	-	-	NA
	Dividend from capital reserve	-	-	NA
	Accumulated undistributed dividends	-	-	NA
Analysis for return on investment****	Price/Earnings ratio	11.49	9.56	NA
	Price/Dividend ratio	33.54	15.94	NA
	Cash dividend yield rate	2.98%	6.27%	NA

* As of December 31, 2017, the retroactive adjustment of shares after capital increase out of earnings and employee bonus.

** Based on resolution of shareholders' meeting of the next year.

*** The earnings distribution for year 2017 is based on Board of Directors' meeting on March 13, 2018.

**** Price/Earnings ratio =Average market price/Earnings per share before adjustment
Price/Dividends ratio=Average market price/Cash dividend per share
Cash dividends yield rate=Cash dividends per share/Average market price

*****The Q1 consolidated statement in 2018 has not been announced. This information is not disclosed here.

6) The policy and implementation of dividends

The dividend distribution proposed by shareholder meeting

The Board of Directors meeting held on March 13, 2018, proposed cash dividend distribution of NT$2.2 per share.

Dividend policy

The Company's new Articles of Association was resolved in the Board meeting on November 9, 2015. The new Articles of Association is illustrated as follows and it is scheduled to be resolved in the shareholders' meeting on June 8, 2016.

According to Article 38 of the Company's Articles of Association, the Company's annual earnings, if any, should be applied to make up losses and pay taxes first, then appropriate 10% as legal reserve and special reserve for an amount equivalent to the amount debited to the current shareholder's equity. The Board of Directors is to plan the earnings distribution proposal according to the balance amount plus the beginning cumulative unappropriated earnings for acknowledgement in the shareholders' meeting. For the earnings distribution ratio and shareholders' cash dividend ratio, the Board of Directors is to have it determined with the consideration of the additional paid-in capital, retained earnings, and future earnings situation; however, the cash dividend may not be less than 15% of the total current dividend.

The Company has distributed cash dividends to shareholders since 1999 and cash dividend per share has been more than NT$1.5 since 2010. The Company intends to continue to maintain a stable dividend policy.

7) Uncompensated distribution of shares and its impact on company operation and EPS

Unit: NTD

Item / Year			2018 (Estimate) (Distribution of 2017 earnings)
Beginning issued capital (in NTD thousand)			16,679,470
Distribution of current year	Cash dividend per share (NTD)		2.2*
	Stock dividend per share for capital increment from retained earnings		-
	Stock dividend per share for capital increment from capital reserve		-
Change in operational performance	Operating income		NA*
	% Change in Operating Income (YOY)		
	Net income		
	% Change in net income (YOY)		
	Earnings per share		
	% Change in Earnings per share (YOY)		
	Average rate of return on investment (Average E/P ratio)		
Conjectural earnings per share and PE ratio	If retained earnings for capital increment all converted to cash dividend	Pro-forma Earnings per share (NTD)	NA*
		Pro-forma Average annual return on investment	
	If no increment using capital surplus	Pro-forma Earnings per share (NTD)	NA*
		Pro-forma Average annual return on investment	
	If no increment using capital surplus, it will be switched to cash dividends	Pro-forma Earnings per share (NTD)	NA*
		Pro-forma Average annual return on investment	

* As the Company did not publish a financial forecast for 2018, this information is not available; the distribution of 2017 is conducted in accordance with the earnings distribution approved by the Board of Directors meeting.

8) Information on employee bonus and compensation for directors and supervisors

Provisions in Articles of Association

According to Article 38 of the Company's Articles of Association, the Company's net income before tax before deducting remuneration to employees and directors and after making up losses should be applied to pay remuneration to employees for an amount not exceeding 10% and not less than 0.01% of the balance; also, applied to pay remuneration to directors for an amount not more than 1% of the balance.

Estimation criterion and difference treatment

1. The employee bonus and remuneration to directors and supervisors for the financial year 2017 is estimated with reference to the profitability of the current period on a basis of 1 ten-thousandths and 1 thousandths, respectively.
2. Public companies must recognize as expense and liability when there is legal responsibility or assume responsibility and the value can be reasonably estimated based on "Guideline for employee bonus and remuneration for directors and supervisors" in accordance with the 16 March 2007 Letter No. Ji-Mi-Zih-052 of the Accounting Research and Development Foundation in Taiwan. It will be recognized as next year's profit/loss if difference between the actual distribution and estimated amount is shown after resolution of the shareholder meeting.

Information on proposed distribution approved by Board of Directors

1. As of March 13, 2018, the Board of Directors approved that the proposed distribution of employee bonus for 2017 is NT$700 thousand and remuneration for directors and shareholders is NT$7,500 thousand. The proposed employee bonus had a gap of NT$100 thousand compared with the estimate in 2017. The remuneration for directors and supervisors had a gap of NT$ 1,500 thousand compared with the estimate in 2017. There will be listed as profit or loss in the next year.
2. The proposed distribution of stock dividend for employee is NT$0.
3. Impact of the proposed distribution of employee bonus and remuneration for directors and shareholders to earning per share: None.

Actual distribution of the preceding year and treatment of differences

The employee cash dividend in 2016 was NT$600 thousand and the remuneration for directors and supervisors was NT$6,000 thousand. The employee cash dividend did not have gaps compared with the estimate in 2016.

Information on employee bonus and remuneration for directors and supervisors in the latest five calendar years

Item / Year of EPS			2013 (Distributed in 2014	2014 (Distributed in 2015	2015 (Distributed in 2016	2016 (Distributed in 2017	2017 (Distributed in 2018
Dividend (NTD/per share)	Cash		2.80	3.30	1.50	1.00	2.20
	Stock		-	-	0.50	-	-
Remuneration for directors and supervisors (in NTD thousand)			7,600	7,600	6,000	6,000	7,500
Employee bonus	Cash		600	600	600	600	700
	Stock	Amount (in NTD thousand)	-	-	-	-	-
		Shares (thousand shares)	-	-	-	-	-
Employee stock bonus / (employee stock bonus + shareholder stock dividend)			None	None	None	None	None
Employee stock bonus / outstanding shares at year end			None	None	None	None	None

Summary of 2016 (distributed in 2017) employee stock bonus information: None

9) Buy back shares: None

IV. Issuance of global depositary receipts, bonds, preferred shares and employee stock option

1) Global depositary receipts

Issue date			1997.7.3	1999.9.22
Countries issued			Asia, Europe and the US	Asia, Europe and the US
Issuance and listing			Luxembourg Stock Exchange	Luxembourg Stock Exchange
Total amount issued (US$)			139,382,100	245,380,125
Issue price per GDR (US$)			22.23	18.93
Total units issued (unit)			6,270,000	12,962,500
Underlying securities			1. Capital increase by cash and issue new shares 2. Release shareholder: MiTAC Inc., Lex Service (Guernsey) Limited.	1. Capital increase by cash and issue new shares 2. Release shareholder: Lex Service (Guernsey) Limited.
Common shares represented (shares)			25,080,000	51,850,000
Rights and obligations of GDR holders			Rights and obligation consistent with common shares	Rights and obligation consistent with common shares
Trustee			None	None
Depositary bank			Citibank, N.A.	Citibank, N.A.
Custodian bank			Citibank N. A., Taipei branch	Citibank N. A., Taipei branch
04.30.2017 GDR outstanding (unit)			951,681	
Apportionment of expenses for issuance and maintenance			Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depository institution.	Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depository institution.
Important notes on depository agreement and custodian agreement			See depository agreement and custodian agreement for details	See depository agreement and custodian agreement for details
Market price per unit (US$)	2017	Highest	5.46	
		Lowest	3.98	
		Average	4.60	
	2018.01.01~ 2018.04.30	Highest	6.18	
		Lowest	5.15	
		Average	5.64	

2) Status of employee stock option: None

3) Employee share subscription warrants: None

4) Preferred shares: None

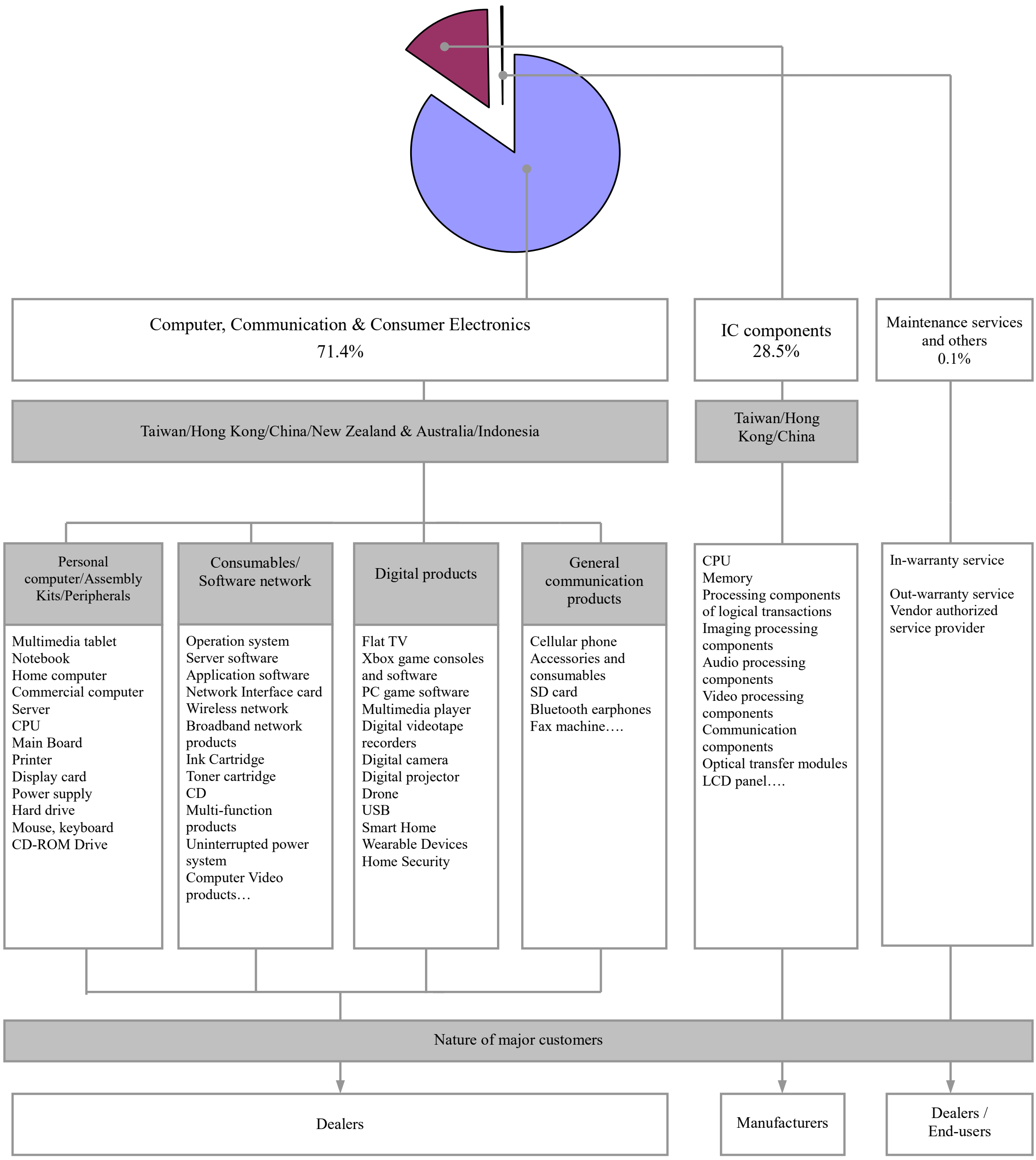
5) Corporate bonds: None

Operation highlights

Operation highlights

I. Scope of Business

1) Main areas of business operation and revenue distribution for 2017



2) Developing new products (service)

New Product	New Service
▪ Cloud services business ▪ Smart Life Related Products ▪ IoT Related Products ▪ Total Solution	▪ CPFR services ▪ Third-party logistics services ▪ Technical services business ▪ Intelligent Inventory and Purchase Decision Making ▪ Third-party payment recruitment services

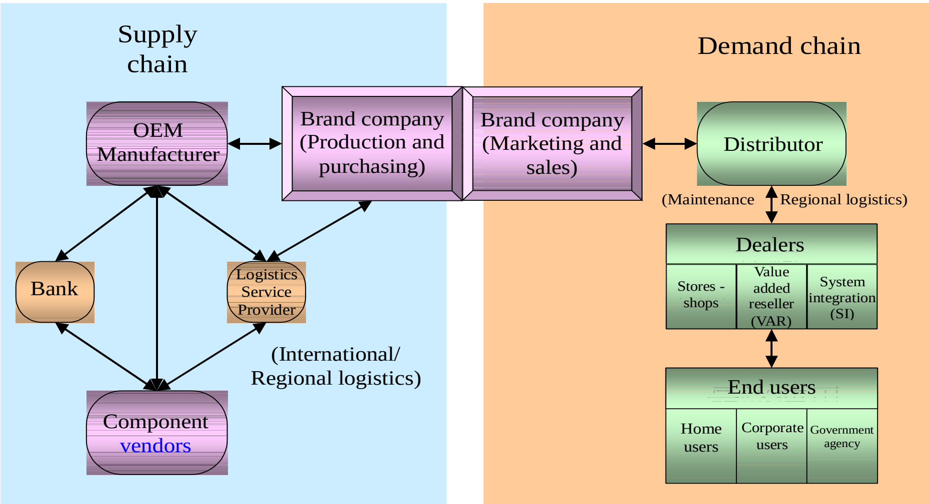
3) Overview of industry

Distribution overview of 3C products (IT and Telecom)

1. Overview of supply chain

Supply chain of IT and Telecom can be divided into "supply chain" in the manufacturing side and the "demand chain" in the sales side. The supply chain focuses on OEM and the demand chain focuses on distributors, the two generated a supply-demand relationship under the production and purchasing unit and marketing and sales unit of brand company (shown below).

Supply chain and demand chain



The ecosystem of supply chain and demand chain differs, the former is relatively larger manufacturer in size, lesser in number; the latter is relatively smaller in size with a larger number and deeper penetration into the market. Therefore, the management philosophy and operation model of the supply chain and demand chain is very different.

To the distributors focused greatly on integrated demand, its value determines on the channel's density and solidity of different products and whether a complete management mechanism of channel operation can be set up to effectively manage product categories, items, bulk customers, bulk orders, bulk shipment operation and maintenance operation. Failure to establish a sound operational management mechanism will be unable to generate economic efficiencies.

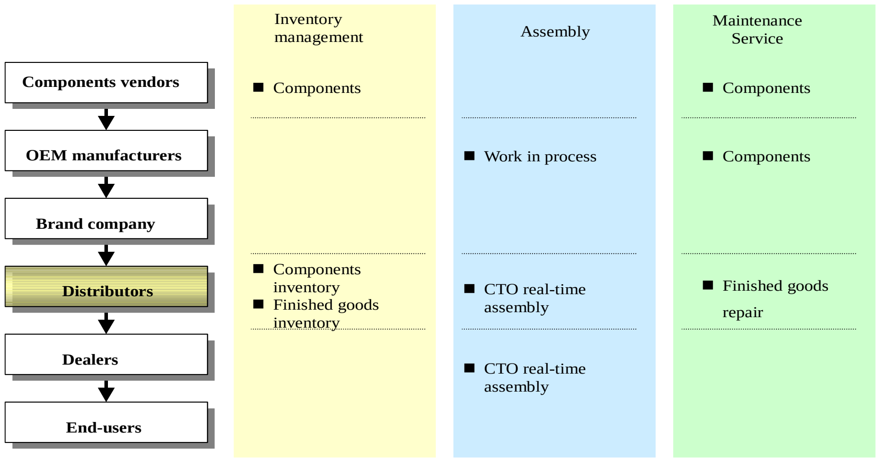
2. Role of the distributors

The trend of slim-profit has enabled a more sophisticated vertical integration of supply chain, that is, during the evolution of industrial ecology, the upstream, midstream, and downstream improves the overall efficiency of supply chain operation and lower overall cost through "Who responsible for what is most effective?"

In addition to research, development, marketing and sales, this trend has also resulted in a more sophisticated inventory management, assembly and maintenance (shown in graph below). Among them, the distributors' role in component inventory, finished goods inventory, CTO assembly and product maintenance is increasingly important, and provides a greater value in supply chain for the distributors with complete operation mechanism and size.

Industrial Chain and Distributor's Roles

(Except R&D, manufacturing and sales)



3. Overview of upstream suppliers

The bigger upstream suppliers usually grow faster and stronger; especially for the mature products with only few brands competing in market. The manufacturer's marketing strategy is going for centralization, that is, reduces the number of agents; therefore, the large IT agents also grow faster and stronger. In addition, the manufacturers while looking for agents increasingly stress the importance of agent's operational capacity and financial solvency in order to avoid agents who do not have sufficient operational capacities and financial solvency to meet the demand of growing market. Under the circumstance, the agents with operational capacity, solid management, and financial solvency are obviously with advantage in competition.

4. Overview of downstream dealers

- Consumer information channel: The market is moving toward the operation of large-scale information chain stores. The emerging channels including online shopping and TV shopping are the new trend for the distribution of consumer information products in recent years. The diversified products sold in chain stores and shopping network have made management a complex task; moreover, the price of information products drops fast; therefore, the collaboration between the channel agents and the upstream distributors, in addition to product supply, will grow in the sense of logistics management, inventory management, maintenance operations, and e-flow. The distributors with logistics capabilities and powerful information management capabilities are in position to provide support to this type of distribution channels and to form a close upstream and downstream partnership.
- Business information channel: The government agencies, educational institutions, and corporate are the main sales targets that can be divided into the categories of large-scale systems integrators (SI) and general value-added reseller (VAR). In terms of market operation, dealers and upstream distributors are to provide total solutions to the end-user. Therefore, a close cooperation between the dealers and distributors is expected from product planning and technical support and logistics services before sales to the after-sales maintenance services.

- Telecommunication stores channel: It is a consumer market with a focus on store distribution. Cellular phone is with a short lifespan and the price drops faster than IT products. Relatively, the telecommunication stores distribution relies heavily on the product supply capacity, logistics capability, and after-sale maintenance services of the upstream distributors.
- Telecommunications system operators channel: Telecommunication as the core of the direct sale or franchise system by integrating cellular phone and phone number. The distributors supply cellular phones; also, carriers are also actively looking for distinctive 3C products for sale with the phone number that relies heavily on the distributor's inventory management and logistics mechanism that represents another form of close cooperation.

Overview of IC components distribution

The feature of IC component distribution is different from the same of IT and Telecom channel.

- As market exclusivity exists among same product of different vendors, it is unlikely for distributors to obtain a franchise on the same product on different brands; with its upstream position in the supply chain and rapid update, the supply-demand of IC components products is not easily controlled and resulted in higher possibility of shortage or excess of supply. To tackle the situation, IC components distributor must seek the diversification of product types to maintain the stable growth of business performance.
- The downstream customers are mostly modules and systematic products manufacturer, its relatively lesser in number and larger in size generate a concentrated source of business and high volatility. In customer development, as IC components distributors are required to assist customers to adopt new design in the new developed products (design-in), their strong technical support capability to combine business, product planning and technical support is one of the key factors of a successful business. Besides, the decreasing tolerance to price fall of inventory and capital burden of vendors due to the rapid change of price of components products and slim-profit trend of overall supply chain, the distributors' sufficient logistics management ability to rapidly serve customers' needs is one of the key factor for IC components distributors to establish market advantage.

Product development trend

According to the 2018 industry trend observation made by the market research institutions of Gartner, IDC and MIC, we describe the industrial development trends in the next 5 years along with the market opportunities and competition status as we may foresee in the following areas.

1. **"Intelligence" as one of the main cores of the overall development trend and the rise of "AI"**
   Artificial intelligence is rapidly influencing every aspect, including the user's experience, process and manpower. So far Apple's iPhone X and Huawei's Mate 10 has equipped with artificial intelligence chips. Big technological corporations like Google, Microsoft, Intel, Nvidia, Qualcomm and IBM and new companies like Cerebras and Groq have begun to develop artificial intelligence chips. Until the year 2020, the application of DNNs (Deep Neural Networks) and machine learning will bring 10 billion USD market opportunities for semiconductor firms. As the maturity of AI Algorithm chips grows, the market will notice the strong application AI has.
2. **Digitalization is the major point of corporation development**
   The Company not only needs digitally transformation but also hopes to move forward to becoming a Digital Native Enterprise, which take costumers as the main core to seek innovation in order to trigger high efficiency operation, develop new sources of income, create costumer's loyalty and reach the purpose of digitally transformation. In this case, digital

technology and Data are the crucial core of development. More and more enterprises apply various new digital technologies to transform into a Digital Native Enterprise and make digitalization an enormous economy system. IDC estimates that until 2021, there will be 50% in global GDP and 60% in Asian GDP originated from "digitalization," including digital products, services, technology, operation, relations and such. In 2021, IDC predicts there will be over 55% GDP originated from digital service products and technologies in Taiwan.

3. **The explosive growth of block chain**

Due to the rise of Bitcoin, the block chain technology received a great amount of attention recently. IDC observes and studies the development of the block chain from multiple facets and discovers that block chain is still in trial and error in facets to mechanism design, operation, business model and social acceptance. Many suspicions and challenges also appear like does every node need to preserve complete transaction data? Should transaction data be disclosed openly without access authorities? The trading speed is also questioned because of its online trading model. In addition, the operation is also challenged since it does not receive recognition from every government and the fluidity is insufficient. Meanwhile, there are many tendencies and applications that support and quicken the development of block chains, such as sharing economy, crowdsourcing, crowd funding, financial technology, new payment applications and such. Also the characteristic of decentralization brings low or even zero transaction cost is a high incentive that make block chain application maintains its high-speed growth. IDC predicts that in 2021 there will be 85% financial corporations apply block chain technology in Taiwan and at the same time more than 60% high-technology manufacturing will apply block chain technology in their SCM (Supply Chain Management). Block chain technology will have a great impact on Taiwan's marketing / industry development and Gartner also predicts that till the end of 2018, block chain will become an application with actual economic benefit.

4. **Connection of IoT with AI information security to construct new direction**

Under the tendency of IoT development, the public has paid more attention on information security compared to previous years. There had been many information security events in 2017 and the attack pattern had become more complicated, changeable and hard to prevent. However, as the coming age of IoT, even the relevant fields of traditional industries also require the application of information security mechanism in the future. MIC predicts that the development trend of combining information security with AI technology to enforce defense mechanism is worthy of attention in the future, which includes rising information analysis accuracy, detecting outliers through behavior analysis, using ID verification to increase efficiency, sandbox testing and detecting system vulnerability and repair.

5. **The rise of edge computing**

As the IoT is equipped with more and more sensors, the information it collects becomes more multiple than usual and these intelligence applications will generate great amount of data information. If all information relies on the cloud computing, it will result in problems like corrupted data or cannot respond immediately. To solve these problems, the market gradually derived an edge computing system from the cloud outside, which is constructed through terminations and intermediate layer and gives the terminations more functions of computation, storage and assigning. Compared to the overloading, delay rate and real-time response problems of the old cloud service, edge computing applies a more "dispersal" computing architecture to enhance computing currency and carries on minor, multiple and multiplex application types.

6. **AI into terminations and smartphone-as-a-platform**

In the future, smartphone will become the user's most important platform interface (smartphone-as-a-platform) which is more like a "platform" than "equipment." The connection of customers, more consumptions and corporation applications together though this center platform will make smartphone equipped with AI chips and applications outstanding and has rapid growth in the market.

7. **The coming of Gaming generation 3.0 makes costumer experience as the development core**

According to the investigation of IDC, the gaming notebook permeability in consumable notebook has reached 14.8% in Taiwan in 2017, which ranked the second place in Asia-Pacific market and was in the leading role in PC gaming market. In recent years, as the Gaming topics continues to grow, the continuing increase of gaming population, the rise of gaming live-broadcasting platform and the legalization of esports has increase the total PC gaming market value in Taiwan and starts the beginning of Gaming generation 3.0. In the past, the generation 1.0 emphasized on product specification and generation 2.0 focused on product design and gaming community, but generation 3.0 put emphasis on the ecosystem around customer experience. IDC predicts that in 2018 Taiwan will enter generation 3.0 and pushes forward more new types of business model and applications.

4) Report on technology and research development

Research and development operations

The most important core competitiveness of Synnex is business innovation and leading technology. The continuous enhancement of operation technology and innovative business model to adapt to rapid change of market trend in this slim-profit era is how Synnex maintain and expand its market leading position. Currently, the Business Planning & Management Div. and Logistics Planning & Management Div. of Synnex headquarters are responsible for overall planning of the business model and R&D operations, major operational technology in the process of planning, development and promotion including:

1. Cloud Service Platform
2. Product Accounting Management
3. Collaborative Inventory Management System
4. Mobile Phone Plans Sales System
5. Commercial Business Management System
6. Technical Service Management System

5) Long and short term business development plan

Short term business development plan

- Channel: Continue channel's in-depth development plan to actively develop more terminal customers, establish a complete sales channel. Especially in China, continuing channel development in-depth in all tiers cities and national chain store operations and internet shopping channel operations, and will actively seek opportunities for collaboration with China's telecommunications industry. In addition to continuing to expand retail store operations in Australia, we will also actively develop commercial information networks. In terms of Taiwan, the existing distribution network is fairly stable; therefore, we will actively develop business opportunities for horizontal alliance in the future.
- Product: Continuing franchise strategy in Asia Pacific region to expand cooperation with global brands for synergy effect. At the same time, increase business information, consumer electronics, and software product lines aggressively.
- Logistics: Continue the construction and explanation plan of the logistics center and enhance the remote monitoring management capacity and provide customers with diversified logistics services with the advantage of the logistics network in response to business growth.

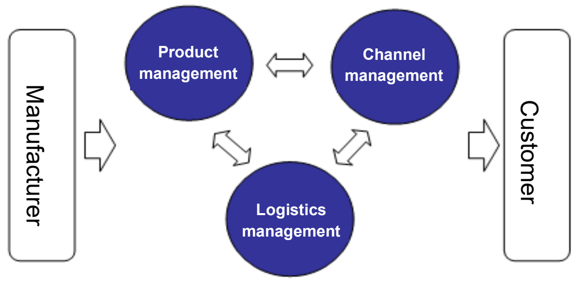
Long term business development plan

In response to the global economic slowdown and stagnation, exchange rates and stock market fluctuations, and political and economic impact, the Company's long-term business development plan is to focus on seeking a breakthrough in stable operation. On one hand, continue to strengthen a sound internal operational management; on the other hand, continue to seek a breakthrough in products and channel business operation; also, to seek for integrated synergies among business units in order to expand the advantages of "economies of scale."

II. Business model

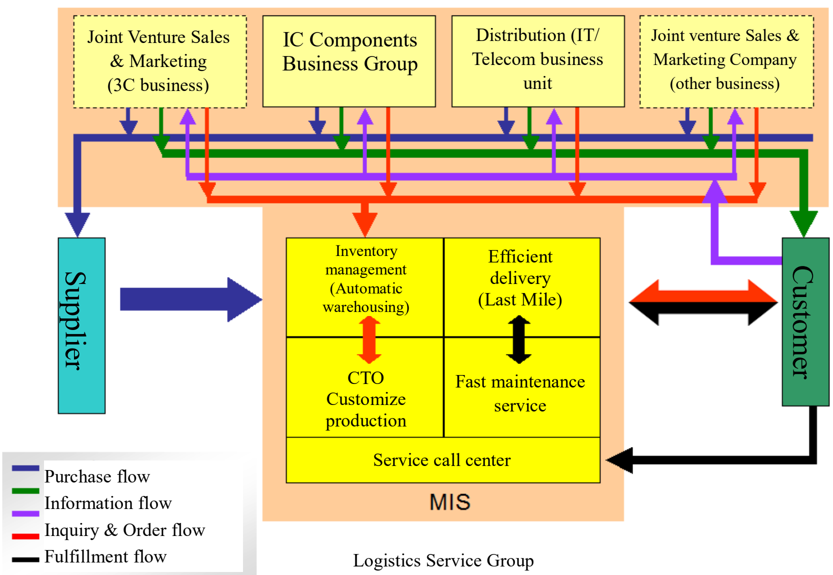
Synnex's business model is based on product management, channel management, and logistics management as the three main themes (see below) to link the upstream manufacturer and downstream distributors for providing a technology and industry integrated service.

Business themes



Actual operating activities are based on core mechanism of channel operation which including digital nervous system (MIS, Management Information System), order taking through call center of order service, logistics mechanism, rapid maintenance mechanism, CTO (Configuration-To-Order; a kind of customer made production service) real time production mechanism, the "cyber logistic centric business model" is established through the above mechanism to effectively operate information flow, capital flow, logistics flow and maintenance flow. As the core mechanism of operation is interconnected for different types of business, Synnex is thus able to develop variable channel business through "digital nervous logistics service center" and use mutual platform with joint-venture partners to facilitate business development while promoting economic efficiency of the operation, lower operational cost along with business expansion and eventually generated a positive cycle. The business model is illustrated below:

Cyber Logistic Centric Business Model



III. Core competitiveness

Diversified Channels

With over 30,000 channels in Asia Pacific region covering a wide range of distributors including traditional shops, chain stores, online shopping, value-added resellers, system integrators and telecom operators, not only Synnex's commodities are fast in circulation and large in sales volume, it is a big plus when acquiring new dealerships.

Comprehensive Product Line

With comprehensive product line to suffice customers' demand and develop channel positioning, Synnex's products cover diverse categories and brands including IT related, telecom, consumer electronics and IC components. In addition, the deep and long-term cooperation with major global brands allow Synnex to be a step ahead of new product development and market trend than its competitors.

Logistics Mechanism

Synnex has established dozens of logistics centers in major cities of Asia Pacific region, which formed extensive logistics network coverage. With state-of-the-art automatic equipment, a self-developed management systems, professional and disciplined operations, Synnex's logistics centers covering warehousing, distribution, maintenance and assembly functions form substantial logistics capacities to back up business operations.

The Four Information and Communication Network

In light of the four information and communication networks including Management Information System (MIS), Logistic Remote Monitoring Network, Video Conference Network, and Telecommunication Network, Synnex has built up a foundation for transnational management capabilities to enable transnational internal control and communication without the hassle of distance restriction, so that while seeking more opportunities in the global market, internal control capacity is strengthened.

The development of operational management techniques

Collaborating with the software R&D center, Synnex's seven planning & management functions including marketing, technical service, business service, logistics, risk, finance and human resource that positioned at the headquarters are responsible for planning business models, laying down management policy, developing operation systems and conducting business analyses, inspection and quality management. This substantial support facilitates Synnex to develop innovative business and management techniques and strengthen its core competence in a continued effort to meet the Group's strategic performance.

IV. Business strategy

Multi-brand and multi-product strategy

Synnex adopts multi-brand and multi-product operation strategy to effectively diversify operational risk and offer diversified products to customers to establish dense reseller network, this business strategy also pushes Synnex to move forward to pursue new products to prepare for the future growth.

Management philosophy of 51 and 49

In general, both suppliers and customers are important to distributors; however, Synnex places greater value on customers than on suppliers, a difference between 51 and 49. As distributor should dedicate to management and operation of distribution channels, thus, the back office support including order, distribution and maintenance should emphasis on customer services. In this regard, variety of distribution channels are established along with enhancement of service value and a tight reseller network is generated. With stronger channels, suppliers are willing to sell their products through Synnex's channels, and Synnex will assist supplier to gain best possible profit through placement of appropriate channels in accordance with different product types.

From serving channel customers to serving 'end users

The unique triple channel operation business model of sales, distribution and maintenance has clearly positioned distributor as professional service provider, a series of complex back office operation is coordinated by Synnex to ensure the efficiency and quality of services. In this regard, inventory risk of Synnex's customers is effectively reduced due to unnecessary stock up and cost of maintenance engineer and inventory maintenance is reserved. Synnex is expanding its services from channel customers directly to end users, the dense maintenance network and rapid delivery has increased customers satisfaction to post-services, and CTO assembly production center provide customized computer products to customers is able to meet the needs of customers. Synnex's goal is continuously increase resellers' and end-users' satisfaction in the days to come.

The advantage of operational process

In this competitive high-tech industry, only those with technology or operational process advantage are able to continuously gain high profit in this slim-profit era. Through the self-developed, tailored made MIS system, Synnex is able to combine sales, distribution and maintenance business model into a complex, sophisticated and unique operational process "knowledge-based", at the same time, it is extremely difficult for competitors to copy this model. In this knowledge economy and slim-profit era, Synnex is able to utilize this knowledge advantage to establish a goal that no other competitors can reach.

Unique "open channel "strategy

Synnex adopts an open strategy in its distribution business, that is, the decision to work with Synnex is placed in the resellers hands. As the operation of direct chain retailers is complicated and development is also limited; in addition, contract franchise involve in management issues. Thus, Synnex attracts customers by offering multi-brand, multi-products and high value-added services to establish dense reseller network so that all resellers in the industry can be Synnex's customers.

A distributor with brand name

Synnex was the first company to come up with the idea of "brand name" distributor, through the established value-added services; the resellers are willing to introduce products to customers and consumers who are willing to purchase Synnex's products due to Synnex's post-services. In addition, Synnex's own brand "Lemel" is produced not to compete, but to generate a positive adjustment with the resellers.

Maximizing the advantage of economic scale

Synnex conducts a distribution and maintenance mechanism to ensure quality and efficiency of the services. The significant growth of revenue triggered from valued services in the recent years has generated a lower operating expense when comparing with competitors. Synnex realized that the best way to maintain stable profitability and effectively expand market share is through continuously lowering operating expense in this slim-profit era.

Pursuing steady growth in overseas market

Currently, Synnex has overseas subsidiaries located in Hong Kong, China and Australia that operate in localizes, stable and step by step strategy to operate local distribution business. The successful Taiwan operation experience and mechanism is copied to the subsidiaries in accordance with actual needs. To complete product management, channel management and basic logistics management, MIS system is copied, and followed by CTO assembly, automatic warehousing and maintenance mechanism. Besides, Synnex also help subsidiaries to obtain complete dealership of international brand through its successful cooperation experience with the suppliers in Taiwan.

An all-round logistics service provider in the age of e-business

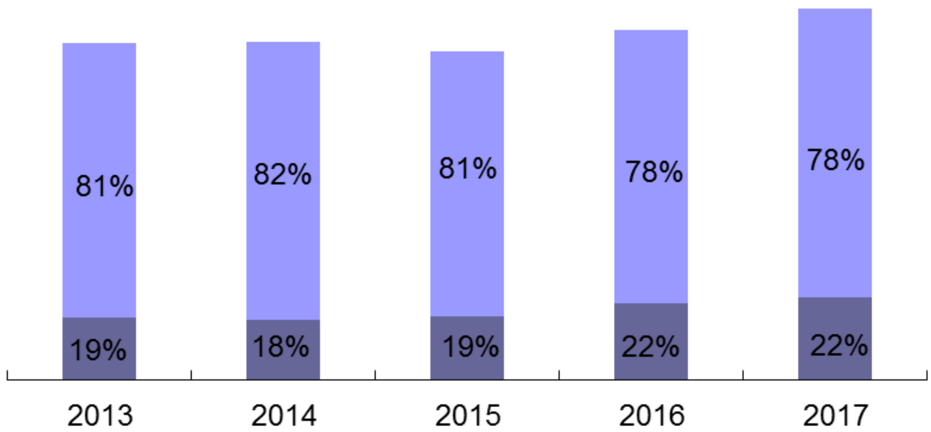
In this e-commerce development trend, Synnex's business model is positioned as a comprehensive logistics management service provider to provide back office services of inventory management, distribution and maintenance for B2C industry. In addition, the "Synnex e-City" launched in November 2000 has become a 3C content website pioneer in Taiwan; the current back office operation mechanism and MIS system is established to handle "volume" transaction. Thus, Synnex will be able to respond to the sharp challenges of the E-era in the future.

V. Market and sales conditions

1) Main sales markets

Trends in group revenues for the past five years

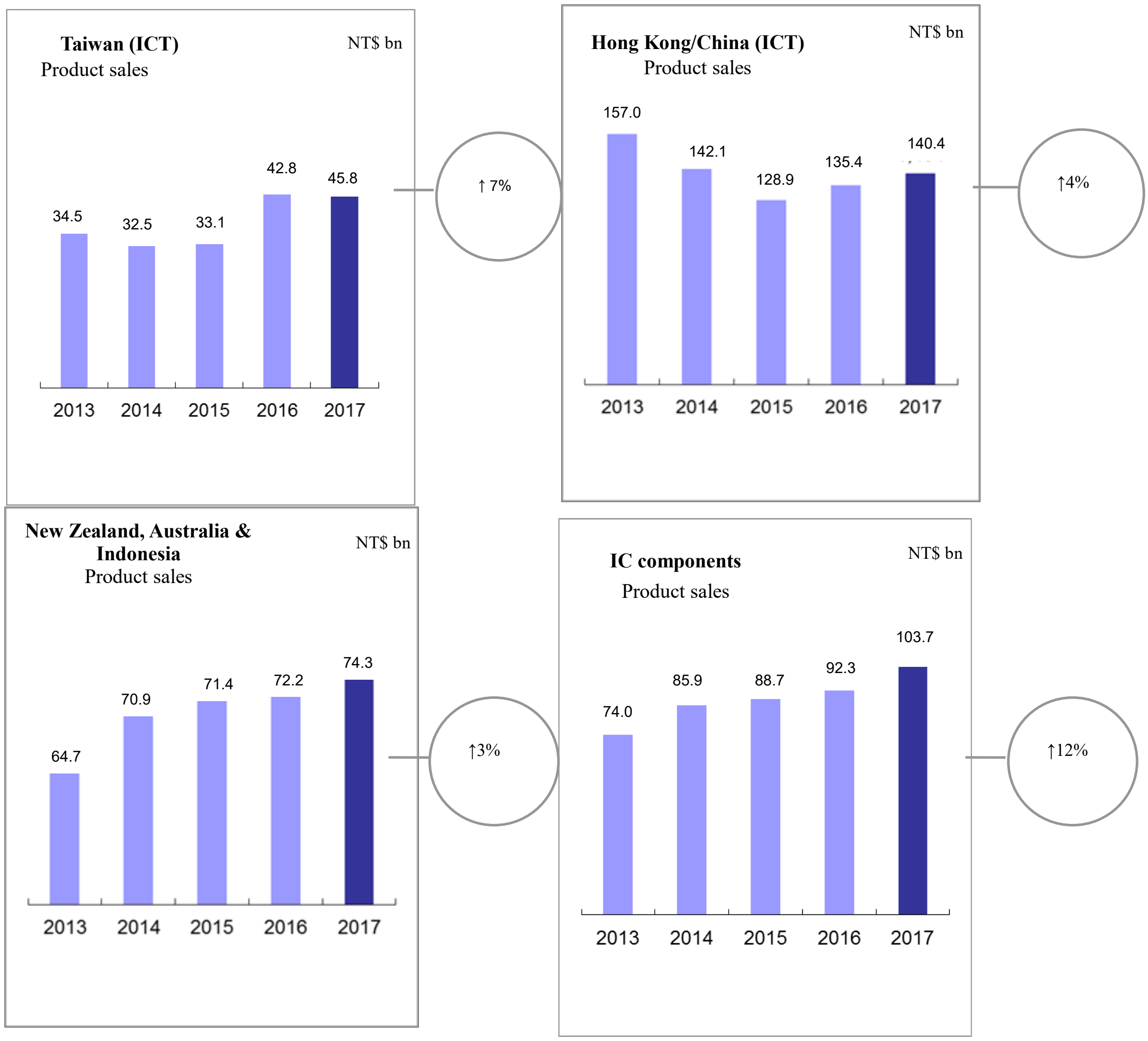
NTD bn



	2013	2014	2015	2016	2017
Overseas subsidiary	268.9	272.4	260.0	267.7	284.0
Taiwan	61.4	59.1	62.1	75.0	80.2
Consolidate	330.3	331.5	322.1	342.7	364.2

* Intercompany transaction is deducted from the selling party's sales account

Trends for regional revenue within the group in the next five years



2) Supply-demand and growth of the future market

The shipment quantity of the terminal devices (including PC, tablet computer, Ultramobile and mobile phone) in 2018 is expected to reach 2.326 billion units, representing a growth of 2.1%, according to market research institute, Gartner, Inc.

Two main markets will lead the shipment growth of the devices. One is the mobile phone market, which mainly focuses on the high-end smart phone, and the other is the deluxe ultramobile market. Gartner points out that more and more customers will pay attention to the product value instead of the price in the future, resulting in their purchase of more expensive devices. Therefore, the suppliers are facing 2 major challenges. The first is that they have to take the device amount the customers own into consideration to actively take up their wallet share, making their brands become the top choice of the customers. The second is to pass down the product value and sell the right devices to the right customers.

As for shipment quantity of the mobile phone products, it predicts that the shipment quantity of the mobile phones in 2018 will increase by 2.6%, reaching 1.903 billion units. The 2018 sales amount prediction of smart phones will have an increase of 6.2% compared to 2017, which takes up 87% of the mobile phone sales amount. The forecast also reveals the tendency that smart phone suppliers will provide the customers with more personalized user experience by introducing artificial intelligence (AI), virtual assistant and personalized user interface. Moreover, with the boost of the 5G development, equipment OEM, component suppliers, telecom dealers and service companies are all looking for new business opportunities. IDC predicts that 5G smart phones for business use will be available in 2019 and will take up 18% of the global shipment quantity when it is 2022.

Traditional PC shipment quantity is predicted to drop continuously by 5.4% in 2018, hitting 0.193 billion units. The biggest drop (6.8%) will be the laptop shipment quantity, and the deluxe ultramobile market will be the only one that grows. The predicted global shipment quantity of ultramobile in 2018 and 2019 will reach 0.23 and 0.24 billion units, increasing by 4.6% and 3.1% respectively compared to the previous years. With PC suppliers facing a competition for existence, when customers and companies are choosing between tablets and PC products, they will choose the suitable product combined with the appropriate operating mode, which is the reason why the non-slate ultramobile products (hybride or convertible laptops) become a new trend in the market. According to IDC, phablets will surpass smart phones in 2018, due to the extreme pursuance of competing with bigger screen smart phones.

Type	2017	2018 (Estimate)		2019 (Estimate)	
	Million units	Million units	Growth rate (%)	Million units	Growth rate (%)
Traditional PC (desktops and laptops)	204	193	-5.4	187	-3.1
Ultramobile*	219	229	4.6	236	3.1
Mobile phones	1,855	1,903	2.6	1,924	1.1
Total	2,278	2,325	2.1	2,347	0.9

* Ultramobile means all Ultramobile Basic and Utility devices

Synnex has become a leading distributor of IT products and services in Taiwan, its overseas subsidiaries and long-term re-investments showed impressive results. The local ranking of its subsidiaries in 2017 is as follows:

Region	Ranks of distributors
Hong Kong (subsidiary)	1
China (subsidiary)	2
Australia (subsidiary)	1
Indonesia (subsidiary)	1
Thailand (re-investment)	1
India (re-investment)	1

Basic information in each region:

Region	Population (million)	GDP per capita (US$)	2017 economic growth rate (%)	Source of information
Taiwan	23.5	25,900	2.0	CIA/National Statistics, R.O.C.
China	1,379.3	8,500	6.8	CIA/StockQ
Hong Kong	7.2	46,100	3.5	CIA/StockQ
Australia	23.2	58,600	2.2	CIA/StockQ
Indonesia	260.6	3,900	5.2	CIA/StockQ
Thailand	68.4	6,300	3.7	CIA/StockQ
India	1,281.9	1,900	6.7	CIA/StockQ

IC components market

For the effective operation of the semiconductor industry's supply chain, the manufacturers of upstream semiconductor parts have product technology services provided to downstream manufacturers through the support of distributors, in order to concentrate on developing next-generation products and to create a more sophisticated competitiveness and market opportunities. Distributors are able to bring flexible payment terms to downstream manufacturers, reduce inventory loading, shorten the components supply process effectively, and extend to new product development and technical support services. Under these preconditions, a distributor management model must be innovated continuously to provide customers with Total Solutions in order to obtain profits and pursue sustainable business.

Component distributors in Taiwan have targeted the Asia Pacific market with services provided to main customers, including motherboard manufacturers, system manufacturers, module manufacturers, the PC industry, digital consumer products industry, telecommunications industry, Internet industry, and consumer electronics products industry. Due to continuous innovation and development, market demand for related components is growing. Taiwan and China are the world's major production bases for personal computers, cellular phones, and network equipment; therefore, the total market demand cannot be overlooked, in which, memory modules, all kinds of driver ICs, wireless telecommunications, Broadband Internet, digital processing ICs, passive elements, optoelectronic elements, and LCD panels are the keys to growth. In addition, China industry increasingly depends on Taiwan products; therefore, the growing demand for smartphones and tablet PCs mean future development opportunities for the IC components industry.

3) Positive factors for our future development

Extensive development potential in the emerging markets

Though the competition is fierce in the emerging market, including Mainland China, India, Middle East, Thailand, Indonesia and Vietnam that we have entered in, the overall market environment has gradually become mature and compliant, and the robust operating and management systems have demonstrated extensive advantages to increase the market share. The countries and regions that we have not entered in have great growing potential for us to develop.

Integration of the brand manufacturers and the bigger in the economic scale, the bigger the growth potential will be

In recent years, information and communications brand manufacturers have sped up the integration and the formation of alliances between leading manufacturers and distributors has become a trend to create a bigger economic scale, lower operating cost, and more efficient collaboration. The economy of scale is not only helpful in the consolidation of the market position, but also accelerates the reduction of the operating cost and vice versa.

New technologies and application changing the market rules and creating new business opportunities

New applications are continuously introduced to the market as technologies progress. They change the living style of the human beings and game rules. The mobile networking, cloud service, IoT, and artificial intelligence (AI) among other technological applications, are currently the most obvious examples. Synnex's scope of business covers the upstream, midstream and downstream of the technology industry, which makes us well-equipped with more sensitive perception and quicker control on the new technology application and the development trend of the industry, enabling us to prepare in advance and seize the available opportunities in the new field.

Increasing need of integrated service from the customers

The competition is fierce in the terminal channel market. When the clients pay more attention on the marketing competition of a product, their request for the back-end integrated service is even higher. Synnex provides the customers with the convenience of multiple kinds of products, which allows the customers to buy several kinds of products with a small amount and to make a complete purchase. Synnex also integrates the services such as logistic service, system integration, strategic management, and other high efficient, high quality and intellectualized services. These services greatly reduce the operational risk and cost for clients, which are our special features, and also are important core values of ours.

Provide quality service in the slim-profit era

Distributors' profit is close to none in this slim-profit era, thus, quality service determines who wins the game. Synnex's operating strategy is "to be a professional channel business service provider with integrated services provided to the high-tech industrial chain" in response to the industrial chain development trend and the service demands of the upstream and downstream manufacturers, provide solutions for operational problems, continue to research and develop innovation service mechanism, gradually enhance close cooperation with upstream and downstream manufacturers, and establish the Company's indispensable role in the industrial value chain.

4) Negative factors for our future development and our countermeasures

Negative factors	Countermeasures
The regional chain reaction and interaction is enhanced under the trend of globalization; also, the impact of local natural disaster or economic and political turbulence is broadened.	1. Diversify risk and reduce the impact of natural disaster and economic and political turbulence through multi-nation, multi-product, and multi-channel business strategy. 2. Focus on the operation of the industry, commit to upgrade internal operational management, strengthen the constitution of the enterprise, and build up ability for withstanding the environment variables and systematic risk.
Short life cycle of products The rapid advancement of technology has facilitated the speed of products innovation, thus product cycle is shortened to half year and resulted in uncertainty of sales performance and increased inventory risk.	1. Utilize ERP information management system to manage purchase, sales and inventory so as to lower inventory weeks and increase number of turnover and meet the target of inventory optimization. 2. Adjust inventory weeks in according with the development of life cycle of the respective products to avoid over-stocking and interest burden. 3. Moderately remove the no-value item types and item to avoid diversified concentration of management. 4. Follow up product and technology development, in addition to popular products, introduce next-star products at appropriate timing to optimize product combination, control product opportunity and lower management risk.
Era of marginal profit, profit is low and hard to improve Mature technology and transparent information cause 3C industry upstream and downstream to work for marginal profit and with difficulty in improving profit.	1. Committed to improve operational efficiency, continue to reduce operating costs, and increase market share with the advantage of low-cost in order to maintain stable profitability. 2. Compute product cost structure through precise operation analysis and develop accurate product strategies. 3. Enhancement of operating control through computer systems to reduce loss of gross earnings.

5) Essential Purposes of Major Products

Major products			Use
IT related Products	Personal Computer	Note Book, Home Computer, Business Computer, Server, Mini Mobile Computer	Personal or commercial Data Processing Equipment
	Tablet Computer	Multimedia Tablet, Ebook	Entertainment, data processing equipment for personal or commercial use
	Computer Component	Main board, Graphics Card, Inputs/Outputs Control Card, Keyboard, Power Supply, Case, Cooling Fan	Major components for custom built PC
	Prin ting Device	InkJet Printer, Laser Printer, Multi-Function Printer, Photo Printer, 3D Printer	Computer printing device
	Display Device	LCD Monitor	Computer display device
	Storage Device	Hard Disk Drive, Floppy Disk Drive, Tape Drives, CD Rewritable Drive	Computer storage device
	Input Device	Scanner, Digital Camera	Computer input device
	Multimedia Products	CD-Rom Drive, Sound Card, Video Card, Multemedia Suite, CD-ROM machine, CD Software, Leisure Software, Multimedia Speaker, PC Camera, LCD Projector	Processing device and software for multimedia audio, image and information
	Networking Product	Network Card, Routers, Bridge, Internet Connected Device, Uninterruptible Power Supply, Modem, Network Operating System, Wireless Network System, Wireless Base Station, Broadband Router	Networking device and operating software
	Application Software	Operating System, Electronic Spreadsheet, Word Processing, Integration Software, Database, Utilities Software, Anti-Virus Software and other application software	Activation or Application Utilities Software
	Consumables	Mouse, Floppy Disks, CD-ROM, Inked Ribbons, Ink Cartridges, Toner Cartridges, Purchase equipment, consumables	Consumables and purchased goods of computer storage, printing and input devices
Digital Products		LCD TV, Xbox Game Consoles and Software, DVD, Digital Cameras, Smart Wearable Device, Smart TV Dongle, GPS Navigation System, Event Data Recorder, Electronic Lock, Anti-thief Safe, Drone, and Webcam	Personal or home digital products
Telecom Products	General Telecom Products	Mobile Phone, Consumables & Accessories for Mobile Phone, Fax Machine and Mobile Power Supply	Consumable communication products for personal or commercial use
IC Components		CPU, Memory, Logic, Audio, Visual, Multimedia Processing Components, Industrial Components, Linear Components, Optoelectronic Components, Information Appliance Components, LCD Panel	Integrated circuit and components for the manufacturing of personal computer and electronic products

VI. Employees

1) Number of employees in group

Year / Item	2016.12.31			2017.12.31			2018.04.30		
	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total
Full time employees	1,775	3,473	5,248	1,794	3,506	5,300	1,791	3,495	5,286
Part-time employees	109	175	284	93	207	300	96	256	352
Total	1,884	3,648	5,532	1,887	3,713	5,600	1,887	3,751	5,638

2) Employees information of Synnex

Item / Year		2016.12.31	2017.12.31	2018.04.30
Number of employees in group	Sales	2,609	2,606	2,611
	Operators	772	846	869
	Computers	222	219	218
	Administrators	620	612	616
	Logistics	1,025	1,017	972
	Total	5,248	5,300	5,286
Average age		34.3	35.3	35.1
Average years of service in company		6.1	6.5	6.6
Education (%)	Doctoral degree	0.1	0.1	0.1
	Master's degree	5.8	5.7	5.8
	College	83.5	83.8	83.8
	High school	9.8	9.4	9.2
	Below high school	0.5	1.0	1.1

Note: Part-time employees are not included.

VII. Report on environmental protection and related expenditures

Though distribution industry is not categorized as highly polluted industry, based on the believe that earth is part of ourselves, Synnex devoted to fulfill its environmental protection responsibility,

- Obtained ISO 14001 Certification of Environment at Management System:

  ISO 14001 Certification of Environment at Management System is recognized internationally as the highest standard of environmental management. Synnex's CTO assembly plant has a complete environmental management policy, process and monitoring mechanism, it has obtained as early as 1999 and has successfully passed the annual inspection thereafter.

- Environmental consideration of packaging materials:

  Quality control of logistics operation department is placed in Synnex's logistics center, one of its function is to achieve the minimum use of packaging materials in logistics operation so as to reduce environmental burden and cost of packaging material, for example: re-using paper boxes, using non-toxic or biodegradable material in shipment packaging and establishing recycling mechanism to effectively reduce usage of packaging material.

VIII. Labor relations

Welfare and benefits for employees

In addition to participating in labor insurance and national health insurance in Taiwan, Synnex also purchases group life insurance for its employees and established the Employee Benefits Committee, arranged various group construction activities and established a health-promoting environment, and provides employees with sufficient securities and a secured work environment to attract employees' devotion. In terms of overseas subsidiaries, the employee welfare system was established in accordance with the regulations and environment of the foreign country.

Retirement system

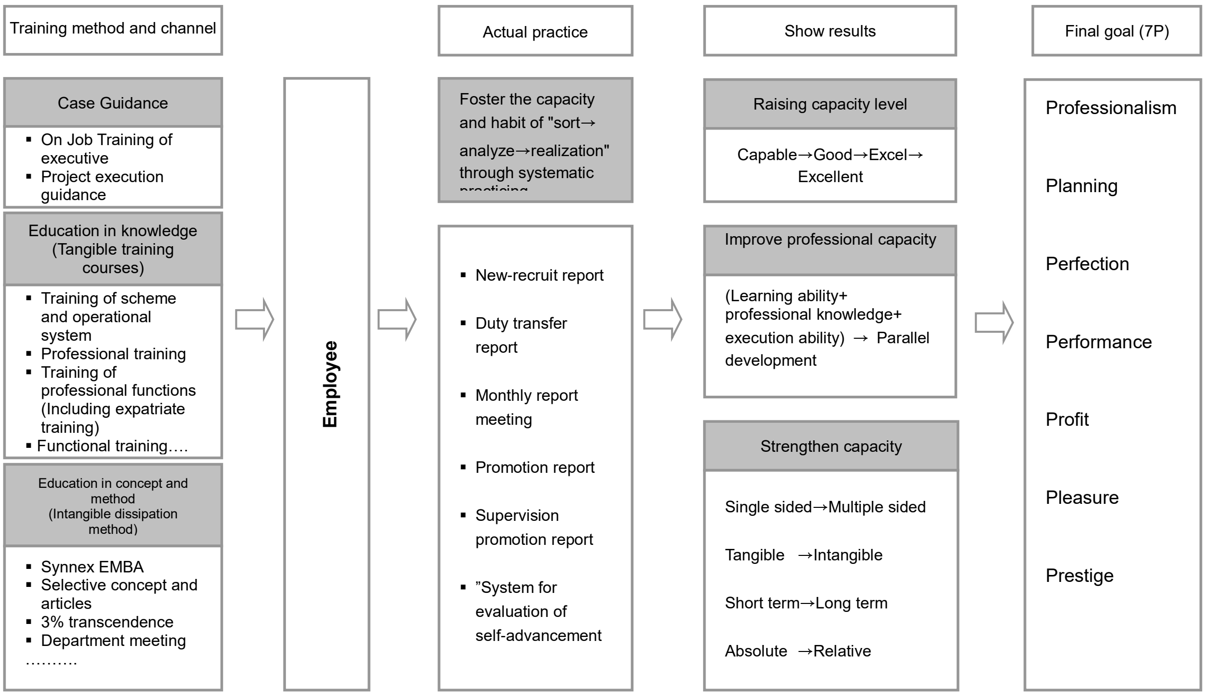
Synnex has reemployment retirement matters handled in accordance with the requirements of the Labor Standards Law and Labor Pension Act with the Employee Pension Reserve Committee formed. The new pension system has been implemented in accordance with the Labor Pension Act since July 2005 with pensions reported and withheld in the personal pension account with the Bank of Taiwan according to the related regulations so that employees can work for the Company permanently without any worry. In terms of overseas subsidiaries, pension reserves are appropriated and withheld periodically in accordance with the regulations and environment of the foreign country.

Labor agreement

In addition to normal organizational system, labor-employee relations can be communicated through regular competency assessment system, labor-management meeting and employee welfare committee in order establish channel of communication between employees and management and generate harmony atmosphere in the Company. No significant labor dispute or loss has occurred in 2017 and 2018 up to now.

Employee training

As Synnex regards employees as important intangible asset, thus has devoted to employee training, a complete employee training system has been constructed after years of effort (see below graph). It is believed that the outstanding employee quality will be one of the major advantages in Synnex's future competition.



Financial information

Financial information

I. Consolidated condensed balance sheet for the past five years

Unit: NTD million

Item / Year	2013*	2014*	2015*	2016*	2017*
Current assets	102,131	111,760	108,630	102,183	110,661
Fixed assets/Property, plant and equipment	5,848	6,737	7,061	6,835	6,857
Intangible assets	408	413	450	703	641
Funds and investments/Other assets	16,068	17,006	18,646	18,110	20,642
Total assets	124,455	135,916	134,787	127,831	138,801
Current liabilities					
Before distribution	80,664	84,996	90,345	83,323	91,346
After distribution	85,112	90,238	92,728	84,991	95,015
Long term and other liabilities/Noncurrent liabilities	442	4,712	567	626	693
Total liabilities					
Before distribution	81,106	89,708	90,912	83,949	92,039
After distribution	85,554	94,950	93,295	85,617	95,708
Equity attributable to shareholders of the parent	42,584	45,327	42,818	42,572	45,171
Capital stock	15,885	15,885	15,885	16,679	16,679
Capital reserve	14,265	14,331	14,140	14,196	14,365
Retained earnings					
Before distribution	14,400	14,986	12,920	14,534	18,947
After distribution	9,952	9,744	10,537	12,866	15,278
Other adjustments on Stockholder's equities/Other equity	(1,966)	124	(127)	(2,837)	(4,821)
Treasury stock	-	-	-	-	-
Non-controlling interests	764	882	1,057	1,310	1,590
Total shareholder's equity					
Before distribution	43,348	46,208	43,875	43,882	46,762
After distribution	38,900	40,966	41,492	42,214	43,093

* Financial statement of the respective years has been audited.

** Asset revaluation had not been processed in the last five years.

*** The figures in each year were allocated based on the resolution of the annual Shareholders' meeting in the following year, except for the year 2017 in which the figures were allocated based on the resolution of the board of directors' meeting in the following year.

II. Consolidated income statement/condensed income statement for the past five years

Unit: NTD million.
(Except for earnings per share in NTD)

Item / Year	2013*	2014*	2015*	2016*	2017*
Operating revenues	330,260	331,533	322,133	342,696	364,208
Gross Profit	11,059	11,525	11,592	12,131	12,861
Operating income	3,879	4,450	3,949	4,269	4,931
Non-operating income and expenses	2,513	1,767	(211)	1,456	2,948
Net income before tax	6,392	6,217	3,738	5,725	7,879
Net income from continuing department	5,433	5,255	3,419	5,124	6,414
Loss from discounted department	-	-	-	-	-
Net income	5,433	5,255	3,419	5,124	6,414
Other comprehensive income (net of tax)	(590)	1,986	(318)	(2,724)	(2,119)
Total comprehensive income	4,843	7,241	3,101	2,400	4,295
Net income attributable to shareholders of the parent	5,274	5,024	3,186	4,876	6,115
Net income attributable to non-controlling interests	159	231	233	248	299
Total comprehensive income attributable to shareholders of the parent	4,684	7,124	2,926	2,147	4,115
Total comprehensive income attributable to non-controlling interests	159	117	175	253	180
Earnings per share - before retroactive adjustment	3.32	3.16	2.01	2.92	3.67
- after retroactive adjustment***	3.17	3.01	1.91	2.92	3.67

* Financial statement of the respective years has been audited.

** Retroactive adjustment is made based on the shares after capital increase out of earnings, capital reserve and employee bonus as of December 31, 2017.

III. Name of CPA and their audited opinions in the latest five years

Auditing year	Name of CPA firm	Name of CPA	Audited opinions
2013	PricewaterhouseCoopers	Jenny Yeh, Tseng, Hui-Chin	Modified unqualified audited opinion
2014	PricewaterhouseCoopers	Eric Wu, Chou, Chien-Hung	Modified unqualified audited opinion
2015	PricewaterhouseCoopers	Eric Wu, Chou, Chien-Hung	Modified unqualified audited opinion
2016	PricewaterhouseCoopers	Jenny Yeh, Eric Wu	Unqualified audited opinion
2017	PricewaterhouseCoopers	Jenny Yeh, Eric Wu	Unqualified audited opinion

Financial status, results of operations & risk management

Financial status, results of operations & risk management

I. Analysis and review of financial position and results of operations

1) Analysis of financial position

Unit: NTD million

Item / Year	2016	2017	Increase (Decrease)	
			Amount	%
Current assets	102,183	110,661	8,478	8
Investments under equity method	11,132	13,032	1,900	17
Properties, plants and equipment	6,835	6,857	22	-
Intangible and other assets	7,681	8,251	570	7
Total assets	127,831	138,801	10,970	9
Current liabilities	83,323	91,346	8,023	10
Non-current liabilities	626	693	67	11
Total liabilities	83,949	92,039	8,090	10
Capital stock	16,679	16,679	-	-
Capital reserve	14,196	14,365	169	1
Retained earnings	14,534	18,947	4,413	30
Other shareholder’s equity	(2,837)	(4,821)	(1,984)	(70)
Non-controlling interest	1,310	1,590	280	21
Total shareholder’s equity	43,882	46,762	2,880	7

Analysis:

Current assets and current liabilities (↑NT$8,478 million, 8% ；↑NT$8,023 million, 10%)

The increase in current assets is mainly due to the increase of notes and accounts receivable by NT$7,341 million (↑**15%**) and the stock increase by NT$2,611 million (↑**8%**). The increase in current liabilities is mainly due to the increase of notes and accounts payable by NT$6,738 million (↑**22%**), the reasons are:

1. For the increase in notes and accounts receivable and payable, in terms of the business cycle days, days sales in accounts receivable and days average payment days for 2017 were 53 days and 36 days, respectively; also, inventory turnover days were 37 days, and net business cycle days were 54 days (days sales in accounts receivable + inventory turnover days- average payment days) that had a 2-day difference with the 56 days of 2016. In addition to continuing the implementation of the Group’s effective management of accounts receivable and inventory, with the advantage of expanding Group purchasing, future efforts remain committed to seeking an extension of payment terms from suppliers or a higher purchase discount.
2. The net loan outstanding (short-term loan + short-term bills payable + long-term loan due in one year + corporate bond payable + long-term loan - cash and cash equivalents) in 2017 amounted to NTD38,946 million that represented an increase of NTD2,313 million from the NTD36,633 million in 2016 due to the need for funds for the larger business scale. The Group’s solvency indexes are good with sufficient borrowing quota to support short-term high funding needs; therefore, there is no problem in the short-term liquidity. In prospect of long-term funding needs, the financial leverage risk and return on equity will be considered equally, if necessary, funds will be raised from the capital market in time.

Retained Earnings (↑NTD4,413million, 30%)

Mainly due to the fact that we put aside a special reserve of NT$2,711 million and that the net profit this year increased compared to that of the last year.

Other shareholder’s equities (↓NTD1,984 million, 70%)

Mainly due to the fluctuating foreign currencies in 2017, causing the negative figure in the conversion of the accumulated long-term investments under the shareholder’s equity.

2) Analysis of the results of operation

Unit: NTD million

Item / Year	2016	2017	Increase (Decrease) (%)	
			Amount	%
Total revenue	342,696	364,208	21,512	6
Operating cost	(330,565)	(351,347)	20,782	6
Net gross profit	12,131	12,861	730	6
Operating expense	(7,862)	(7,930)	68	1
Operating income	4,269	4,931	662	16
Non-operating revenue and expenditure	1,456	2,948	1,492	102
Income before tax	5,725	7,879	2,154	38
Income tax expense	(600)	(1,465)	865	144
Net income	5,125	6,414	1,289	25

Analysis:

Total revenue, Operating cost and Gross profit (↑NTD21,512 **million**, 6%; ↑NTD 20,782 **million**,6%; ↑NTD730 **million**, 6%)

Synnex Taiwan saw revenue up by 7%; Hong Kong/China saw revenue up by 4%, Australia, New Zealand, and Indonesia revenue up by 3%. The scale of overseas market where subsidiaries operate is extensive but local industry is relatively uncompetitive due to lack of logistics operations or ERP information management systems, high growth forecast is maintained.
Gross margin ratio for the year is 3.5%, decrease by 0.1% from previous year.

Net operating income (↑NTD662 **million**, 16%)

Due to the gross profit increase and the appropriate management of the operating expenses, the 2017 operating income increased by NT$662 million compared with that of the last year. In the days to come, as the world is on the way to a period of tiny interests, the Group plans to focus on improving the revenue growth coupled with enhancing or maintaining net profit margins to maximize operating income and increase returns on equity (ROE).

Non-operating revenues and expenditures (↑NTD1,492 **million**, 102%)
Mainly due to (1) the gain of NT$222 million in the disposal of the financial assets and (2) increase of the net foreign exchange loss by NTD1,111 million mainly due to fluctuation of the exchange rate.

3) Liquidity analysis

Analysis of cash flow changes

Unit: NTD million

Item / Year	2016	2017
Net cash (outflow) inflow from operating activities	8,256	2,702
Net cash outflow from investment activities	(738)	(1,850)
Net cash inflow (outflow) from financing activities	(11,811)	(1,029)

Analysis:

Operating activities

The consolidated net earnings this year decreased, but the stocks and accounts receivable increased due to the business expansion, causing the cash inflow from operating activities decreased compared to the last year.

Investing activities

Cash outflow from investing activities increased compared with the previous year, mainly because the investment under equity method increased by NT$922 million and the pledge and mortgage certificate deposit increased by NT$1,136 million.

Financing activities

Cash flow from financing activities decreased compared with the previous year, mainly due to the repayment of short-term loans in 2016.

Plans to improve liquidity of cash holding and analysis of liquidity for 2017

Unit: NTD million

Cash balance: beginning of period (1)	Full year's operating activities Net cash outflow (2)	Other activities Net cash inflow (3)	Cash balance: end of period (1)+(2)+(3)	Cash balance (Shortage) Amount	Cash deficiency measures	
					Investment plan	Financial plan
7,474	2,702	(4,461)	5,715	553	-	-

Analysis:
The Company has sufficient quota to meet the need of short-term capital requirement. When the funds are sufficient, we will pay the loans back timely for the financial structure improvement.

Cash flow forecast of 2018

Unit: NTD million

Cash balance: beginning of period (1)	Full year's operating activities Net cash inflow (2)	Other activities Net cash outflow (3)	Cash balance: period ending (1)+(2)+(3)	Cash balance (Shortage) Amount	Cash deficiency measures	
					Investment plan	Financial plan
5,715	3,590	690	9,995	2,780	-	-

Analysis:
The Company has sufficient quota to meet the need of short-term capital requirement. When the funds are sufficient, we will pay the loans back timely for the financial structure improvement.

4) Important capital expenditure in the most recent calendar year and its effect on the company's operational and financial situation

Important capital expenditures and their funding

Unit: NTD million

Planned item	Estimated or actual source of funds	Estimated end date of projects	Total capital	Estimated or actual capital expenditure executions			
				2015	2016	2017	2018
Establish/Expand logistics centers in all locations	own capital	Compile budget annually	Compile budget annually	769	333	282	284

Expected benefits

The effective and quality back-office logistics operation is Synnex's major competitive advantage, each logistics center has fully developed its effectiveness to facilitate the growth of Synnex's business and establish solid foundation for future development.

Synnex is planning to increase the percentage of overseas capital expenditure for overseas subsidies to meet the needs of rapid growth of business in the future.

5) Review and analysis of investment

Overall investment policy

Unit: NTD million

Item	2017.12.31 Balance of investment	Investment policy of the coming year
Investment under equity method	13,032	The Group does not have any significant investment or disposition plan on Synnex Corporation (US), Redington Group (India), Synnex Thailand, and Synnex FPT (Vietnam).
Long-term investment – others and financial assets carried at cost	1,721	In addition to the disposition of non-performing minor investment, the Company does not have any investment or disposition plan.
Available-for-sale financial asset	1,400	It will be disposed gradually.

Review and analysis of important analysis

Unit: NTD million

Item	2017.12.31 Percentage of shareholding	2017 Investment gain	Policy	Major reason of operating profit or loss	Improvement plan	Investment plan of the coming year
Synnex Corporation (US)	10.61%	965	Long term holding	The Company is categorized as IT product and communication channel service provider, its coverage including Europe, US and Japan. The Company's net income was NTD9,067million in 2017. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
Redington (India) Ltd. (India)	23.56%	542	Long term holding	The Company is categorized as an IT and Telecom product distribution service provider, its coverage includes India, Middle-East and Africa. The Company's net income was NTD2,298 million in 2017. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
Synnex (Thailand) Public Company Ltd. (Thailand)	40.00%	224	Long term holding	The Company is categorized as an IT product and communication channel service provider, its coverage is focused solely in the Thailand market. The Company's net income was NTD$561 million in 2017. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
Synnex FPT Joint Stock Company (Vietnam)	47.00%	24	Long term holding	The Company is categorized as IT product and communication channel service provider, its coverage is focused on Vietnam. The Company's net income was NTD410 million in 2017. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
MiTAC Inc. (Taiwan)	18.36%	26	Long term holding	The Company is categorized as a systematic integration value-added service provider. With the 2016 cash dividend of NTD0.5 per share in 2017, it is recorded by Synnex in financial asset carried at cost and recognized as dividend income.	NA	No current investment or disposition plan.

Risk management

1) Changes in interest and foreign exchange rates and inflation all exert a material effect on profit/loss of the Company and call for appropriate measures by the company to protect itself

Risk items	Risk factors	Loss/gain caused by risk factors	Countermeasure
Interest	As interest rate remains low in recent years, the company adopts flexible financial leverage operation by raising capital at low cost to replace capital injection from its own capital and effectively increase return on equity. However, the fluctuation of interest rate may have certain risk on the Company's operation.	Unit: NTD million | | 2016 | 2017 | Change (%) | Average loan: 48,531 / 44,384 / (9) Average net outstanding loans*: 37,844 / 31,195 / (18) Interest expense: 657 / 579 / (12) Net interest expense**: (227) / 205 / (10)	1. Financial leverage must be balanced with increase in return on equity; therefore, when financial leverage reaches certain target, the Company must raise capital from the market to reduce risk. 2. Regular evaluation and supervision of overseas subsidiaries' financial leverage, when certain risk target is reached, the parent company must inject capital to reduce financing proportion. 3. Utilize the advantage of group's size and performance to negotiate prime rate.
	* Balance of average net outstanding loans=average loans-average cash and cash equivalent-average short term investment bond funds. ** Net interest expense = interest expense – interest income – gain on disposal of bond funds		
Foreign exchange	The characteristics of each product line is described below: IT products: Certain percentage of this product line is imported (mostly denominated in US$), sale of goods is mostly denominated in local currency, and there is certain exchange risk. Telecom products: Purchase and sales of goods locally and is denominated in local currency, therefore, no exchange risk. IC components: Certain percentage in this product line is imported (mostly denominated in US$), though certain percentage of sales is denominated in US$, there still remains certain degree of exchange risk.	Unit: NTD million | | 2016 | 2017 | Change (%) | Net exchange gain: (701) / 410 / 158 Note: The net foreign exchange interest in 2017 was around NTD410 mainly due to the revaluation of RMB.	1. For NTD to US$, purchase US$ and transfer to term deposit when there is a purchase denominated in US$ and use the term deposit to settle goods payable to obtain total hedge. 2. The overseas subsidiaries use forward exchange contract to avoid exchange risk. 3. RMB to US$ is reducing the fluctuation of exchange gain (loss) through lowering RMB position.
Inflation	As the end-user of our IT and Telecom products are consumers, therefore, high unit price products will be impacted by inflation and resulted in investment risk of reduction in sales or gross margin on sales.	The inflation (deflation) rate in 2017 of where the Company and its overseas subsidiaries located are: Taiwan: 1.0% Hong Kong: 2.0% China:1.8% Australia: 2.0% Description: As inflation in the subsidiaries' countries remains at a low level, therefore, only minor impact on the Company's operations is seen in 2017	"Multi-brand, multi-product" is an important policy of our company's product management. Therefore, there will be small percentage of our products impacted by inflation to avoid the operational risk of over-centralized products.

2) High risk, high leverage investment, granting loans to outsiders, doing endorsement and guarantees and derivatives trading

Risk items	2017 Execution	Group policies and countermeasures
High risk and high leverage investment	None	The operational policy of the group is focus on operation of regular business; therefore, we do not invest in this type of products.
Lending to others	Lending exists only between parent-subsidiaries relations in 2017.	1. Loan to others will require Board of Directors' resolution. 2. Lending to: (1) companies that have business relationship with the Group. (2)Companies with short-term capital requirement. 3. The Group has stipulated "procedures for lending funds to others" to control lending operation.
Endorsement and guarantees	1. Endorsement exists only between parent-subsidiaries relations in 2017. 2. No endorsement loss in 2017.	1. Endorsement requires Board of Directors' approval. 2. Endorse for: (1) companies that have business relationship with the Group. (2) Directly and indirectly holding over 50% of voting right. (3) Inter-company or co-builder endorsement due to contract requirement, or co-investment relationship and each shareholder endorse for the company in accordance with their shareholding. (4) Directly and indirectly holding 100% of voting right. 3. The Group has stipulated "procedures for endorsement and guarantees" to control endorsement operation.

(Continued on next page)

Risk items	2017 Execution	Group policies and countermeasures
Derivative products transactions	The Group has purchased forward exchange contracts to avoid foreign exchange risk in 2017, as gain/loss from hedging transactions have been offset by its gain/loss, therefore, no actual gain/loss is generated.	Our group does not carry out speculative derivative trading; trading of derivative products is for hedging purpose only. All transactions are managed in accordance with "procedures for derivative trading".

3) Others

Risk items	Risk factors	Impact on the company in 2017	Countermeasure
Product R&D	As the Company is distribution services provider, therefore, the risk of product R&D focuses solely on suppliers or customers. However, in order to expand IC components business, the Group has established a dedicated group responsible for research and development which result will be transferred to customers to attract future purchase orders of IC components. As the manufacturing and sales of the R&D result will be responsible by the clients, the Group's R&D risk is limited to the control of R&D expense.	None	The research and development of the group's products is positioned as "assist the sales of IC components through pre-sales services", the R&D department can avoid excessive input of company's resources if insist in this position, and the final risk of R&D is borne by the customers.
Change of government policy and regulations	As the Company is distribution services provider, therefore, the risk of product R&D focuses solely on suppliers or customers. However, in order to expand IC components business, the Group has established a dedicated group responsible for research and development which result will be transferred to customers to attract future purchase orders of IC components. As the manufacturing and sales of the R&D result will be responsible by the clients, the Group's R&D risk is limited to the control of R&D expense.	No significant change in government policy and regulations.	The Company continues to monitor and analyze the future trend of each country's government policy and regulations for immediate respond where necessary.
Change of technology	The Company's product range is mostly high-tech products, therefore, sales change triggered by change of technology will result in operational risk, for example: unable to obtain innovative products' franchise.	Product franchises obtained by the Company are increasing or decreasing in 2012.	"Multi-brand, multi-products" is the important policy of the product operation. The products that our Company represented includes global brands, in general, most global brands have good control of the technology advantage; thus, reduce the Group's operational risk.
Change of corporate image	As the end-user of our Company's IT and Telecom products are consumers, therefore, corporate image is very important to our Company's operation.	The corporate image of the Company remains positive, no significant damage to the Company's image.	1. Improve customer services and fully elaborate the functions of customer's opinion and consumer complains feedback. 2. In case of major consumer disputes, inter-departmental team is formed to avoid the worsening of the situation.
M&A	Mergers and Acquisitions can facilitate the expansion of product agency and range while expanding market share. But there are risks of overpriced, under-valued liability and failure in integration.	The Company did not participate in any M&A.	NA
Expansion of plants	Synnex's major competitive advantage is effective and quality back office logistics operation that enhances value added services, expand market share and enhance overall performance. However, there exist risks of negative cash flow resulted from over-expansion, low usage rate or idle.	The cost of establishment or expansion of logistics centers was NTD282 million.	Before expansion: Prudent evaluation of investment effectiveness and cost. After expansion: Import successful operational experience and management to develop its effectiveness.
Centralized suppliers or customers	Risk of centralized supplier is the impact to the Company's performance when losing a franchise or the represented product loosing competitiveness.	See "List of major suppliers and customers in the latest two calendar years". The Company does not have over centralized supplier and customers issues.	"Multi-brand, multi-products" and "open channel management to establish dense reseller network" is the Company's operational strategy, it can also effectively avoid risk of centralized supplier and customers.
Transfer or change of shares of directors, supervisors or shareholders of over 10%	May have significant impact to shareholder rights and Synnex's share price	No significant equity transfer or change.	The Company has established reporting mechanism to effectively manage the progress and publish information.
Change of managerial authority	May have significant impact to shareholder rights and Synnex's share price	No change of managerial authority.	The Company will publish material information shall there be any change in managerial authority.
Litigation or non-litigation event	Material litigation, non-litigation of the Company, the Company's directors, supervisors, president, actual owner, major shareholders with over 10% of shareholding and subsidiaries will damage the Company's image, shareholder rights and the Company's share price.	See the description below.	With the established reporting system, the Company will minimize the damage through honest, fast and open process.

Litigation, non-litigation and administrative litigation cases that have been finally judged or in pendency as of the day on which this annual report was printed:

1. Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corporation brought up a third-party litigation against Synnex and Synnex Electronic Hong Kong Ltd.in the district court in Massachusetts, USA on December 22, 2014. They claim that Synnex and and Synnex electronic Hong Kong Ltd. did not clearly state the limit of the warranty responsibility when selling products, which had violated the agent contract signed with Fairchild, causing Fairchild to suffer from too much warranty liabilities. Regarding the loss of the liabilities, Fairchild claimed a compensation of USD$30,000 thousand. Regarding the litigation, Synnex and Synnex Electronic Hong Kong Ltd argued that Fairchild violated personal jurisdiction and that the reasons for prosecution were insufficient. The American district court concurred the joint agreement of Fairchild Semiconductor Corporation, Synnex and Synnex Electronic Hong Kong Ltd and dismissed the third-party litigation of Fairchild on June 18, 2015. Fairchild Semiconductor Hong Kong Limited brought up the arbitration at the Hong Kong International Arbitration Center in the first quarter of 2016. The arbitration is in judiciary proceedings now and the result of it is unknown so we did not estimate the possible loss of the arbitration into the account.
2. KUHAO (Kunshan) Electronics Co., Ltd. brought up a suit against Syntech Asia Ltd. at the High Court of Hong Kong on November 24, 2015. It claimed that Syntech Asia Ltd violated its verbal sales commitment with Kunhao on July 7, 2014. Kunhao claimed a compensation of USD$2,964 thousand. Syntech Asia Ltd found it having no ground thus raised a plea against it according to the laws in Hong Kong, asking the High Court of Hong Kong to dismiss its suit on February 1, 2016. The litigation is in judiciary proceedings now and the result of it is unknown so we did not estimate the possible loss of the suit into the account.
3. On April 27, 2003, the Securities and Futures Investors Protection Center (SFIPC) brought up a charge regarding that the Pacific Electronic Wire& Cable Co., Ltd. (PEWC) was involved in editing the false financial reports and claimed a joint liability compensation from Mr. Jiao, You Jun and other co-defendants (including other directors, supervisors and the accounting firm) for Mr. Jiao, You Jun was a director member of PEWC during 1999 to 2001. Mr. Jiao, You Jun had reached a settlement with the SFIPC on September 19, 2017, and the SFIPC also dropped the charge against Mr. Jiao You Jun. The charge case and related business ended already. The above charge against the independent director, Jiao, You Jun, is deemed as personal matter of the director and has no involvement with our financial business after our evaluation. Therefore, it shall not have major influence on the shareholders' equity and the price of the securities.

4) Summarized operating results of group enterprises

The financial position and operating results of the group enterprises as of December 31, 2017

Unit: NTD thousands
(Except for earnings per share in NTD)

Company name	Capital	Total Assets	Total liabilities	Net Asset Value	Operating income	Operating income	Net Income	Earnings per share (after tax)	Note*
Seper Marketing Corp.	1,000	1,060,516	964,941	95,575	5,988,632	111,945	92,143	921.43	
E-Fan Investments Corp.	225,000	596,620	29,158	567,462	63,085	62,934	62,752	2.79	
Synlogics Service Corp.	50,000	50,177	3,059	47,118	2,151	(3,248)	(2,557)	(0.51)	
Bestcom Infotech Corp.	1,032,033	3,643,764	2,023,964	1,619,800	11,460,878	224,288	219,300	2.12	
Synnex Global Ltd.	17,607,381	71,477,513	7,875,435	63,602,078	5,410,971	5,359,523	5,111,034	9.32	
Synnex Mauritius Ltd.	715,440	3,687,378	72	3,687,306	541,933	534,384	534,384	22.27	
Peer Developments Ltd.	900,262	7,864,386	13,174	7,851,212	962,341	962,272	931,482	30.84	
Synnex China Holdings Ltd.	2,986,962	8,927,693	2,974,983	5,952,710	1,251,851	1,251,784	491,415	4.90	
King's Eye Investments Ltd.	1,862,439	12,774,343	1,148,037	11,626,306	2,460,618	2,460,242	2,264,969	36.25	
Trade Vanguard Global Ltd.	5,962,000	6,322,108	17,839	6,304,269	220,629	220,571	185,784	0.30	
LianXiang Technology (Shenzhen) Co., Ltd.	5,962	238,291	153,456	84,835	468,420	(76,525)	(2,337)	(11.68)	
Laser Computer Holdings Ltd. **	1,098,413	2,639,144	-	2,639,144	578,322	578,312	578,312	15.69	
Laser Computer (China) Ltd.	30	555,170	53,217	501,953	-	(33,831)	(104,718)	(13,425.33)	
Synnex Technology International (HK) Ltd.	228,914	9,925,531	8,353,159	1,572,372	61,927,945	572,182	831,169	13.85	
Synnex Electronics Hong Kong Ltd.	8,943	541,845	470,062	71,783	-	(762)	(762)	(2.54)	
Syntech Asia Ltd.	8,943	20,611,996	17,482,500	3,129,496	95,717,111	1,078,926	969,604	3,232.01	
Synnex Australia Pty. Ltd.	884,909	18,604,343	15,834,913	2,769,430	51,368,618	668,645	326,259	9.81	
Fortune Ideal Ltd.	55,837	329,844	200,766	129,078	42,543	35,608	20,433	1.41	
Golden Thinking Ltd.	107,770	1,244,624	1,216,549	28,075	79,433	48,479	11,755	0.42	
Synnex New Zealand Ltd.	30,451	1,319,760	1,251,512	68,248	3,373,833	19,398	1,761	1.17	
PT. Synnex Metrodata Indonesia	999,776	5,963,060	2,996,562	2,966,498	19,702,954	725,853	579,884	1,932.95	
Synnex Investments (China) Ltd.	5,962,000	21,612,241	12,684,613	8,927,628	1,037,167	1,035,605	1,251,787	-	
Synnex (Beijing) Ltd.	268,290	600,177	291,576	308,601	34,049	(17,598)	(9,322)	-	
Synnex (Shanghai) Ltd.	655,820	2,404,656	1,264,582	1,140,074	178,697	(226,033)	238,697	-	
Synnex Distributions (China) Ltd.	6,856,300	31,621,788	22,753,643	8,868,145	105,829,259	726,930	461,741	-	
Synnex (Chengdu) Ltd.	149,050	381,891	221,805	160,086	22,704	(2,494)	15,228	-	
Synnex (Nanjing) Ltd.	149,050	315,434	137,847	177,587	16,543	(5,863)	10,012	-	
Synnex (Shenyang) Ltd.	89,430	192,698	93,729	98,969	19,023	1,674	10,002	-	
Synnex (Tianjin) Ltd.	134,145	137,798	21,591	116,207	6,019	(4,441)	(5,249)	-	
Synnex (Hangzhou) Ltd.	149,050	199,603	18,869	180,734	21,948	8,933	8,873	-	
Synnex (Qingdao) Ltd.	149,050	176,411	38,494	137,917	5,484	(4,299)	(2,266)	-	
Synnex (Guangzhou) Ltd.	357,720	370,129	3,469	366,660	22,609	(1,656)	7,099	-	
Synnex (Xi'an) Ltd.	119,240	228,263	97,932	130,331	16,702	3,270	12,413	-	

(Continued on next page)

(Continue last page)

Company name	Capital	Total Assets	Total liabilities	Net Asset Value	Operating income	Operating income	Net Income	Earnings per share (after tax)	Note*
Synnex (Suzhou) Ltd.	178,860	170,592	2,842	167,750	7,646	(3,231)	(2,182)	-	
Synnex (Wuhan) Ltd.	149,050	185,664	28,649	157,015	17,158	3,562	3,430	-	
Synnex (Jinan) Ltd.	149,050	469,528	303,830	165,698	8,794	(11,816)	66,046	-	
Synnex (Zhengzhou) Ltd.	149,050	217,578	97,158	120,420	10,011	(3,569)	(754)	-	
Synnex (Changsha) Ltd.	119,240	324,379	237,992	86,387	10,621	(5,538)	(4,420)	-	
Synnex (Ningbo) Ltd.	119,240	245,823	171,185	74,638	-	(8,647)	(6,604)	-	
Synnex (Hefei) Ltd.	181,841	275,167	148,941	126,226	4,154	(9,981)	(3,068)	-	
Synnex (Nanchang) Ltd.	119,240	312,621	231,750	80,871	5,370	(9,860)	(5,695)	-	
Synnex (Harbin) Ltd.	149,050	360,602	292,073	68,529	6,418	(12,176)	(8,800)	-	
Synnex (Chongqing) Ltd.	17,886	17,868	-	17,868	-	(4)	(855)	-	
Synnex (Xiamen) Ltd.	178,860	200,227	56,402	143,825	7,220	(5,630)	(3,515)	-	
Yude (Shanghai) Warehousing Co., Ltd.	10,949	(7,426)	5,773	(13,199)	4,863	(4,350)	(3,756)	-	
Yidu Information Technology (Shanghai) Co., Ltd.***	-	8	-	8	-	(1,775)	16,484	-	
Synnex Technology Development Ltd.	228,107	318,072	40,567	277,505	272,116	(5,746)	(4,181)	-	
Bizwave Tech Co., Ltd.	20,000	113,187	88,223	24,964	176,738	4,621	3,945	1.97	
Bestcom Infotech Holding Ltd.	80,487	72,571	-	72,571	-	-	7,923	0.94	
Bestcom Infotech (Shanghai) Corp.	80,487	123,135	51,629	71,506	264,819	11,052	8,100	-	
Bestcom International Ltd.	80,487	72,488	-	72,488	-	-	7,923	0.94	

* The capital of the overseas group enterprises is calculated based on historical exchange rate; balance sheet is calculated based on the exchange rate of the reporting date; income statement is calculated based on the average exchange rate of the current year and denominated in NT Dollars. The exchange rate is as follows:

Reporting date exchange rate for 2017.12.31 US$1=NT$29.81 HK$1=NT$3.82 A$1=NT$23.28 THB$1=NT$0.91 RMB$1=NT$4.56

Average exchange rate for 2017: US$1=NT$30.48 HK$1=NT$3.91 A$1=NT$23.36 THB$1=NT$0.90 RMB$1=NT$4.48

** Refers to Consolidated Financial Statements.

*** Fund injection was not yet completed as of 12.31. 2017

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2017 AND 2016

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND ITS SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2017, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Matthew Miau Feng Chiang

SYNNEX TECHNOLOGY INTERNATIONAL

CORPORATION AND ITS SUBSIDIARIES

March 19, 2018

Report of Independent Accountant Translated From Chinese

PWCR17000321

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 its subsidiaries (the "Group") as at December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our 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, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2017 are outlined 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. Please refer to Note 6(6) 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 management categorized the accounts receivable assessment into individual provision and group provison. 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, current economic conditions, etc. For group assessed accounts receivable, assessment process is affected by management's judgement on historical uncollectible records and makes adjustments in accordance with current economic conditions. 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. Obtained the Group's policy applied to assessment of allowance for uncollectible accounts. Assessed whether the allowance for uncollectible accounts policy is applied in a manner consistent between comparative and current periods of the financial statements.
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 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(13) 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(9) 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 relisable 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.

<u>How our audit addressed the matter</u>

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

<u>Description</u>

Please refer to Note 4(13) 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.

<u>How our audit addressed the matter</u>

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 $1,353,876 thousand and $1,388,665 thousand, constituting 1% and 1% of the total consolidated assets as of December 31, 2017 and 2016, 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, 2017 and 2016 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 $1,755,032 thousand and $1,457,700 thousand for the years ended December 31, 2017 and 2016, respectively, constituting 27% and 28% 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 $1,672,262 thousand and $1,277,236 thousand, constituting 39% and 53% of consolidated total comprehensive income for the years ended December 31, 2017 and 2016, respectively. The balance of related long-term equity investments amounted to $12,963,234 thousand and $11,063,339 thousand, constituting 9% and 9% of the total consolidated assets as of December 31, 2017 and 2016, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Synnex Technology International Corporation as at and for the years ended December 31, 2017 and 2016.

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

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

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

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

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

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

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

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

represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Yeh, Tsui Miao   Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2018

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2017		December 31, 2016	
	Assets	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 5,714,960	4	$ 7,474,322	6
1110	Financial assets at fair value through profit or loss-current	6(2)	609,254	1	534,178	1
1125	Available-for-sale financial assets-current	6(3)	1,351,569	1	1,506,147	1
1150	Notes receivable-net	6(5)	7,813,861	6	7,685,827	6
1160	Notes receivable-related parties	7	8,813	-	240	-
1170	Accounts receivable-net	6(6), 8	48,195,050	35	40,830,646	32
1180	Accounts receivable-related parties	7	224,600	-	384,225	-
1200	Other receivables	6(8)	7,228,657	5	7,344,037	6
1210	Other receivables-related parties	7	210	-	590	-
1220	Current tax assets	6(29)	34,053	-	222,828	-
130X	Inventories, net	6(9), 8	36,259,016	26	33,648,105	26
1410	Prepayments		3,143,821	2	2,394,068	2
1470	Other current assets	8	76,719	-	158,110	-
11XX	**Current assets**		110,660,583	80	102,183,323	80
	Non-current assets					
1523	Available-for-sale financial assets-noncurrent	6(3)	48,861	-	51,269	-
1543	Financial assets measured at cost-noncurrent	6(4)	1,721,020	1	1,723,497	1
1550	Investments accounted for under the equity method	6(10)	13,031,738	9	11,132,423	9
1600	Property, plant and equipment, net	6(11)	6,857,063	5	6,835,286	5
1760	Investment property, net	6(12)	1,247,092	1	1,331,010	1
1780	Intangible assets	6(13)	641,440	-	702,559	1
1840	Deferred income tax assets	6(29)	823,130	1	1,307,316	1
1900	Other non-current assets	and 8	3,770,341	3	2,564,487	2
15XX	**Non-current assets**		28,140,685	20	25,647,847	20
1XXX	**Total assets**		$ 138,801,268	100	$ 127,831,170	100

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2017		December 31, 2016	
	Liabilities and Equity	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(15)	$ 36,080,920	26	$ 38,687,813	30
2110	Short-term notes and bills payable	6(16)	8,580,000	6	5,420,000	4
2120	Financial liabilities at fair value through profit or loss -current	6(2)	645	-	-	-
2150	Notes payable		3,268,210	3	1,564,010	1
2160	Notes payable - related parties	7	97	-	-	-
2170	Accounts payable		34,553,760	25	29,540,632	23
2180	Accounts payable-related parties	7	20,745	-	-	-
2200	Other payables	6(17)	7,288,832	5	6,749,042	6
2220	Other payables-related parties	7	3,440	-	3,953	-
2230	Current income tax liabilities	6(29)	1,230,772	1	1,043,353	1
2300	Other current liabilities		318,552	-	314,517	-
21XX	**Current liabilities**		91,345,973	66	83,323,320	65
	Non-current liabilities					
2570	Deferred income tax liabilities	6(29)	164,299	-	144,304	-
2600	Other non-current liabilities	6(18)	529,166	-	481,050	1
25XX	**Non-current liabilities**		693,465	-	625,354	1
2XXX	**Total liabilities**		92,039,438	66	83,948,674	66
	Equity attributable to owners of parent					
	Share capital	6(19)				
3110	Share capital-common stock		16,679,470	12	16,679,470	13
	Capital surplus	6(20)				
3200	Capital surplus		14,364,858	11	14,196,063	11
	Retained earnings	6(21)				
3310	Legal reserve		6,903,070	5	6,415,402	5
3320	Special reserve		2,837,318	2	126,513	-
3350	Unappropriated retained earnings		9,207,169	7	7,992,064	6
	Other equity interest	6(22)				
3400	Other equity interest		(4,820,548)	(4)	(2,837,318)	(2)
31XX	**Equity attributable to owners of the parent**		45,171,337	33	42,572,194	33
36XX	**Non-controlling interest**		1,590,493	1	1,310,302	1
3XXX	**Total equity**		46,761,830	34	43,882,496	34
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Significant events after the balance sheet date**	11				
	Total liabilities and equity		$ 138,801,268	100	$ 127,831,170	100

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, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

			Years ended December 31,			
			2017		2016	
		Notes	Amount	%	Amount	%
4000	**Sales revenue**	6(23) and 7	$ 364,207,877	100	$ 342,696,453	100
5000	**Operating costs**	6(9)	(351,346,513)	(97)	(330,565,489)	(97)
5950	**Net operating margin**		12,861,364	3	12,130,964	3
	Operating expenses	6(18)(27)(28)				
6100	Selling expenses		(5,290,902)	(1)	(4,301,741)	(1)
6200	General and administrative expenses		(2,638,898)	(1)	(3,559,991)	(1)
6000	**Total operating expenses**		(7,929,800)	(2)	(7,861,732)	(2)
6900	**Operating profit**		4,931,564	1	4,269,232	1
	Non-operating income and expenses					
7010	Other income	6(24)	1,268,516	-	1,297,200	-
7020	Other gains and losses	6(25)	498,585	-	(647,223)	-
7050	Finance costs	6(26)	(578,518)	-	(656,692)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(10)	1,759,191	1	1,462,960	1
7000	**Total non-operating income and expenses**		2,947,774	1	1,456,245	1
7900	**Profit before income tax**		7,879,338	2	5,725,477	2
7950	Income tax expense	6(29)	(1,465,099)	-	(600,741)	-
8200	**Profit for the year**		$ 6,414,239	2	$ 5,124,736	2

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

			Years ended December 31,			
			2017		2016	
		Notes	Amount	%	Amount	%
	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		($ 19,769)	-	($ 22,502)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	3,630	-	3,785	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		(16,139)	-	(18,717)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(22)	(2,239,494)	(1)	(2,788,753)	(1)
8362	Unrealized loss on valuation of available-for-sale financial assets	6(3)(22)	219,629	-	263,666	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(10)(22)	(82,770)	-	(180,463)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(2,102,635)	(1)	(2,705,550)	(1)
8300	**Total other comprehensive loss for the year**		($ 2,118,774)	(1)	($ 2,724,267)	(1)
8500	**Total comprehensive income for the year**		$ 4,295,465	1	$ 2,400,469	1
	Profit, attributable to:					
8610	Owners of parent		$ 6,114,896	2	$ 4,876,679	2
8620	Non-controlling interest		299,343	-	248,057	-
	Profit		$ 6,414,239	2	$ 5,124,736	2
	Comprehensive income attributable to:					
8710	Owners of parent		$ 4,115,116	1	$ 2,147,157	1
8720	Non-controlling interest		180,349	-	253,312	-
	Total comprehensive income for the year		$ 4,295,465	1	$ 2,400,469	1
	Earnings per share		$	3.67	$	2.92
9750	**Basic earnings per share**	6(30)				
9850	**Diluted earnings per share**	6(30)	$	3.67	$	2.92

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, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

				Retained earnings			Other equity interest				
	Notes	Share capital -common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
2016											
Balance at January 1, 2016		$ 15,885,209	$ 14,139,722	$ 6,096,802	$ -	$ 6,823,082	-$ 66,998	-$ 59,515	$ 42,818,302	$ 1,056,990	$ 43,875,292
Appropriations of 2015 earnings	6(21)										
Provision for legal reserve		-	-	318,600	-	(318,600)	-	-	-	-	-
Provision for special reserve		-	-	-	126,513	(126,513)	-	-	-	-	-
Distribution of cash dividend		-	-	-	-	(2,382,781)	-	-	(2,382,781)	-	(2,382,781)
Distribution of stock dividend		794,261	-	-	-	(794,261)	-	-	-	-	-
Change in net assets of the associate and joint ventures accounted for under the equity method		-	56,341	-	-	(66,825)	-	-	(10,484)	-	(10,484)
Other comprehensive (loss) income for 2016	6(22)	-	-	-	-	(18,717)	(2,977,178)	266,373	(2,729,522)	5,255	(2,724,267)
Net income for 2016		-	-	-	-	4,876,679	-	-	4,876,679	248,057	5,124,736
Balance at December 31, 2016		$ 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
2017											
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
Appropriations of 2016 earnings	6(21)										
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(31)	-	-	-	-	(17,171)	461	(50)	(16,760)	99,842	83,082
Capital surplus transferred from unclaimed dividends		-	1,299	-	-	-	-	-	1,299	-	1,299
Other comprehensive (loss) income for 2017	6(22)	-	-	-	-	(16,139)	(2,206,110)	222,469	(1,999,780)	(118,994)	(2,118,774)
Net income for 2017		-	-	-	-	6,114,896	-	-	6,114,896	299,343	6,414,239
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

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31, 2017	Years ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax for the year		$ 7,879,338	$ 5,725,477
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(11)(27)	340,836	347,261
Amortization	6(13)(27)	59,349	57,596
Amortization of land use rights	6(14)	19,886	21,610
Provision for bad debts expense	6(5)(6)	293,574	379,780
Net gain on financial assets/liabilities at fair value through profit or loss	6(2)(25)	(30,909)	(103,820)
(Gain from reversal of) decline in market value and loss for obsolete and slow-moving inventories	6(9)	(119,452)	13,408
Loss on obsolescence	6(9)	-	5,941
Interest expense	6(26)	578,518	656,692
Interest income	6(24)	(373,526)	(429,641)
Dividend income	6(24)	(151,777)	(143,936)
Share of profit of associates and joint ventures accounted for under the equity method	6(10)	(1,759,191)	(1,462,960)
Cash dividends on investments accounted for under the equity method		407,166	302,920
Impairment loss on financial assets	6(25)	-	40,000
(Gain) loss on disposal of property, plant and equipment and investment property	6(25)	(2,097)	303
Depreciation of investment property	6(12)	57,782	62,411
Loss on remeasurement recognition of investments accounted for under the equity method at fair value	6(25)(32)	-	42,359
Gain on disposal of financial asset investments	6(25)	(357,363)	(135,699)
Gain on disposal of investments accounted for under the equity method		-	(127,709)
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		(43,522)	(13,934)
Notes and accounts receivable		(7,383,841)	(545,345)
Inventories		(2,491,459)	2,210,520
Prepayments		(749,753)	393,035
Other receivables		154,248	483,004
Other current assets		88,274	334,430
Overdue receivables		(284,249)	(71,577)
Long-term lease and installment receivables		(33,364)	22,988
Net changes in liabilities relating to operating activities			
Notes and accounts payable		6,738,170	438,042
Other payables		447,104	730,522
Other current liabilities		4,035	52,330
Other non-current liabilities		46,292	36,557
Cash inflow (outflow) generated from operations		3,334,069	9,322,565
Interest paid		(561,897)	(667,896)
Interest received		373,526	429,641
Dividend received		151,777	143,936
Income tax paid		(595,035)	(972,001)
Net cash provided by operating activities		2,702,440	8,256,245

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31, 2017	Years ended December 31, 2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets		$ 733,492	$ 232,517
Proceeds from capital reduction of financial assets carried at cost		-	114,827
Proceeds from disposal of investments accounted for using equity method		-	250,357
Acquisition of investments accounted for using equity method		(922,145)	-
Net cash flow from acquisition of subsidiaries	6(32)	-	(945,088)
Acquisition of property, plant and equipment	6(34)	(497,298)	(513,982)
Increase in investment property		(2,119)	(438)
Proceeds from disposal of property, plant and equipment and investment property		7,336	7,780
Acquisition of intangible assets	6(34)	(41,072)	(86,271)
Increase in refundable deposits		(98,160)	(465,345)
(Increase) decrease in restricted time deposits		(1,136,323)	799,858
Decrease (increase) in other non-current assets		106,101	(132,281)
Net cash used in investing activities		(1,850,188)	(738,066)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans		(2,606,893)	(9,216,677)
Decrease (increase) in short-term notes and bills payable		3,160,000	(180,000)
Increase (decrease) in guarantee deposits received		1,824	(31,642)
Payment of cash dividends	6(21)	(1,667,947)	(2,382,781)
Proceeds from disposal of subsidiaries (retained control)		83,082	-
Net cash used in financing activities		(1,029,934)	(11,811,100)
Effects of changes in foreign exchange rates		(1,581,680)	(2,131,414)
Decrease in cash and cash equivalents		(1,759,362)	(6,424,335)
Cash and cash equivalents at beginning of the year		7,474,322	13,898,657
Cash and cash equivalents at end of the year		$ 5,714,960	$ 7,474,322

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Synnex Technology International Corporation (the "Company") was incorporated in September 1988 under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in:

A. Assembly and sale of computers and computer peripherals;

B. Sale of communication products;

C. Sale of consumer electronic products;

D. Sale of electronic products and components; and

E. Maintenance services for the products mentioned above.

The Company's shares have been traded on the Taiwan Stock Exchange since December 1995.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment entities: applying the consolidation exception'	January 1, 2016
Amendments to IFRS 11, 'Accounting for acquisition of	January 1, 2016

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
interests in joint operations’	
IFRS 14,‘Regulatory deferral accounts’	January 1, 2016
Amendments to IAS 1, ‘Disclosure initiative’	January 1, 2016
Amendments to IAS 16 and IAS 38, ‘Clarification of acceptable methods of depreciation and amortisation’	January 1, 2016
Amendments to IAS 16 and IAS 41, ‘Agriculture: bearer plants’	January 1, 2016
Amendments to IAS 19, ‘Defined benefit plans: employee contributions’	July 1, 2014
Amendments to IAS 27, ‘Equity method in separate financial statements’	January 1, 2016
Amendments to IAS 36, ‘Recoverable amount disclosures for non-financial assets’	January 1, 2014
Amendments to IAS 39, ‘Novation of derivatives and continuation of hedge accounting’	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’	January 1, 2018
Amendments to IFRS 4, ‘Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts’	January 1, 2018

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

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

IFRS 9, ‘Financial instruments’

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

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

When adopting the new standards endorsed by the FSC effective from 2018, the Group will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. The significant effects of applying the standard as of January 1, 2018 are summarised below.

Consolidated balance sheet Affected items January 1, 2018	2017 version IFRSs amount	Effect of adoption of new standards	2018 version IFRSs amount
Financial assets at fair value through profit or loss	$ 609,254	$ 100,192	$ 709,446
Available-for-sale financial assets	1,400,430	(1,400,430)	-
Financial assets at fair value through other comprehensive income	-	2,879,124	2,879,124
Financial assets at cost	1,721,020	(1,721,020)	-
Total affected assets	$ 3,730,704	($ 142,134)	$ 3,588,570
Retained earnings	$ 9,207,169	$ 311,712	$ 9,518,881
Other equity interest	(4,820,548)	(453,846)	(5,274,394)
Total affected equity	$ 4,386,621	($ 142,134)	$ 4,244,487

Explanation:

In accordance with IFRS 9, the Group expects to reclassify available-for-sale financial assets and financial assets at cost in the amounts of $1,400,430 and $1,721,020. The Group expects to increase financial assets at fair value through other comprehensive income by $2,879,124 by making an irrevocable election for equity instruments not held for dealing or trading purpose and financial assets at fair value through profit or loss by $100,192 for equity instruments held for dealing or trading purpose. Meanwhile, the Group expects to increase retained earnings by $311,712 and decrease other equity interest by $453,846.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of	To be determined by

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
assets between an investor and its associate or joint venture’	International Accounting Standards Board
IFRS 16, ‘Leases’	January 1, 2019
IFRS 17, ‘Insurance contracts’	January 1, 2021
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, ‘Leases’

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

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

(b) Available-for-sale financial assets measured at fair value.

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

December 31, 2017 and 2016:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business Activities	December 31, 2017	December 31, 2016	Description
Synnex Technology International Corporation	Synnex Global Ltd.	Investment holding company	100	100	PwC
Synnex Technology International Corporation	Seper Marketing Corporation	Sales of computers and computer peripherals	100	100	PwC
Synnex Technology International Corporation	E-Fan Investments CO., LTD.	Investment company	100	100	PwC
Synnex Technology International Corporation	Synergy Intellingent Logistics corporation (Note)	Freight forwarders	100	100	PwC
Synnex Technology International Corporation	Bestcom Infotech Corp.	Sales of computers and computer peripherals	94.09	100	PwC
Bestcom Infotech Corp.	Bizwave Tech Co., Ltd.	Retailing of computer software, accreditation service and consulting services	100	100	PwC
Bestcom Infotech Corp.	Bestcom Infotech Holdings Ltd.	Investment holding company	100	100	PwC
Bestcom Infotech Holding Ltd.	Bestcom International Ltd.	Investment holding company	100	100	PwC
Bestcom International Ltd.	Bestcom Infotech Shanghai Ltd.	Sales of computers and computer peripherals, maintenance and consulting services	100	100	PwC
Synnex Global Ltd.	King's Eye Investments Ltd.	Investment holding company	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2017	Ownership (%) December 31, 2016	Description
Synnex Global Ltd.	Peer Developments Ltd.	Investment holding company	100	100	PwC
Synnex Global Ltd.	Synnex Mauritius Ltd.	Investment holding company	100	100	PwC
Synnex Global Ltd.	Synnex China Holdings Ltd.	Investment holding company	100	100	PwC
Synnex Global ltd.	Trade Vanguard Global Ltd.	Investment holding company	100	100	PwC
King's Eye Investments Ltd.	Laser Computer Holdings Ltd.	Investment holding company	100	100	PwC
King's Eye Investments Ltd.	Synnex Australia Pty. Ltd.	Sales of computers and computer peripherals	100	100	PwC
King's Eye Investments Ltd.	Synnex New Zealand Ltd.	Sales of computers and computer peripherals	100	100	PwC
King's Eye Investments Ltd.	Synnex Electronics Hong Kong Ltd.	Sales of electronic components	100	100	PwC
King's Eye Investments Ltd.	Syntech Asia Ltd.	Sales of electronic components	100	100	PwC
King's Eye Investments Ltd.	Fortune Ideal Ltd.	Real estate investments	100	100	Other
King's Eye Investments Ltd.	Golden Thinking Ltd.	Real estate investments	100	100	Other
King's Eye Investments Ltd.	PT. Synnex Metrodata Indonesia	Sales of computers and computer peripherals	50.3	50.3	PwC
Laser Computer Holdings Ltd.	Laser Computer (China) Ltd.	Sales of computers and computer peripherals	100	100	PwC
Laser Computer Holdings Ltd.	Synnex Technology International (HK) Ltd. and subsidiary	Sales of computers and computer peripherals	100	100	PwC
Peer Developments Ltd.	LianXiang Technology (Shenzhen) Ltd.	Sales of electronic components	100	100	PwC
Synnex China Holdings Ltd.	Synnex Investments (China) Ltd.	Investment holding company	100	100	PwC
Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Beijing) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Shanghai) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Tianjin) Ltd.	Sale of computers and computer peripherals	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2017	Ownership (%) December 31, 2016	Description
Synnex Investments (China) Ltd.	Synnex (Chengdu) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Nanjing) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Shenyang) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hangzhou) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Qingdao) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Guangzhou) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Xi'an) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Suzhou) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Wuhan) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Jinan) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Changsha) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Zhengzhou) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Ningbo) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hefei) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Nanchang) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Harbing) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Chongqing) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Xiamen) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Yude (Shanghai) Warehouse Co., Ltd.	Warehouse services	80	80	PwC
Synnex Investments (China) Ltd.	YD Information Technology (SH) LTD.	Information technology service and sale of computers and computer peripherals	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2017	Ownership (%) December 31, 2016	Description
Synnex Investments (China) Ltd.	Synnex Technology Development (Beijing) Ltd.	Sale of computers and computer peripherals	100	100	PwC

Note: Synergy Intellingents Logistics Corporation was set up in 2016, formerly known as Synlogics Service Corporation before, and it was renamed in 2017.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

(5) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

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

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

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(9) Accounts receivable

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

(10) Impairment of financial assets

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

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

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

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

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

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

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

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

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

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

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

(a) Financial assets measured at amortised cost

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

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

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

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

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

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

(12) Lease receivables/operating leases (lessor)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as ‘unearned finance income of finance lease’.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

(13) Inventories

A. Cost of inventory purchase includes purchasing price, import taxes and all the related costs involved in the process of obtaining inventory. Discounts, allowances and etc. shall be deducted from the cost of inventory purchases.

B. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the the moving-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from in profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate, and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G. When the Group disposes its investment in an associate, and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

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

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

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

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

The estimated useful lives of property, plant and equipment are as follows:

Buildings	5 - 55 years
Utilities equipment	5 - 24 years
Computer equipment	3 - 13 years
Transportation equipment	7 - 12 years
Furniture and fixtures	3 - 8 years
Machinery and equipment	3 - 28 years
Leasehold improvements	3 - 7 years

(16) Leased assets/operating leases (lessee)

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

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis. The estimated useful lives of property, plant and equipment are as follows:

Buildings	3 - 47 years
Utilities equipment	7 - 15 years

(18) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 7 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(21) Notes and accounts payable

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

(22) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

(26) Provisions

Warranties provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Warranties provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Termination benefits

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

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequemtly actual distributed amounts is accounted for as changes in etimates.

(28) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

Sales of goods

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

(31) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

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

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

(1) Critical judgements in applying the Group's accounting policies

A. Revenue recognition on a net/gross basis

The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of Group's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Group acts as a principal, the amount of received or receivable from customer is recognised as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognised representing commissions earned.

The following characteristics of a principal are used as indicators to determine whether the Group shall recognise revenue on a gross basis:

(a) The Group has primary responsibilities for the goods or services it provides;

(b) The Group bears inventory risk;

(c) The Group has the latitude in establishing prices for the goods or services, either directly or indirectly; and

(d) The Group bears credit risk of customers.

B. Financial assets measured at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured due to lack of sufficient information, are presented in ‘financial assets measured at cost’.

(2) Critical accounting estimates and assumptions

A. Assessment of allowance for uncollectible accounts receivable

During the assessment process of allowance for uncollectible accounts receivable, the Group has to use assessment and judgement to determine the future recoverable amount of accounts receivable. The future recoverable amount is affected by various factors such as customers’ financial conditions, Group’s internal credit ratings, historical transaction records, current economic conditions and other factors that could affect customers’ paying ability. If there is a concern regarding accounts receivable collectability, the Group shall assess each individual account’s collectability and recognize appropriate allowances. Management make critical assumptions and estimates concerning future events as of balance sheet date. Assumptions and estimates may differ from the actual results, thus, there might be material changes to the assessment.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory comsumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Accrual of inventory purchase rebate

Accrual of inventory purchase rebate is based on contract terms and expected achievement rate. However, contract terms for rebate could be in various types, with complicated calculations and entered into with different counterparties. Therefore, a substantial volume of purchase and sale information has to be matched with individual merchandise item numbers manually in order to calculate the rebate. Management makes critical assumptions and estimates concerning future events as of balance sheet date. Assumptions and estimates may differ from the actual results, thus, there might be material changes to the assessment.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash on hand and revolving funds	$ 1,319	$ 1,490
Checking accounts and demand deposits	4,171,222	3,239,594
Time deposits	1,542,419	4,233,238
	$ 5,714,960	$ 7,474,322

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

B. For information regarding cash and cash equivalents pledged as collateral and is reclassified to other current and other non-current assets, please refer to Note 8.

(2) Financial assets/liabilities at fair value through profit or loss – current

	December 31, 2017	December 31, 2016
Financial assets held for trading		
Listed (TSE and OTC) stocks	$ 435,838	$ 396,820
Valuation adjustment of financial assets held for trading	173,416	137,266
Non-hedging derivatives-foreign exchange forward	-	92
Total	$ 609,254	$ 534,178
Financial liabilities held for trading		
Non-hedging derivatives-foreign exchange forward	$ 645	$ -

A. The Group recognised net (loss) gain of $30,909 and $103,820 on financial assets held for trading for the years ended December 31, 2017 and 2016, respectively,

B. The related information of derivative financial instruments of the subsidiaries is as follows:

Foreign exchange forward

		December 31, 2017		
The subsidiaries	Items	Book Value	Nominal Principal (in thousands)	
Synnex New Zealand	Buy USD sell NZD	($ 628)	USD	1,230
Synnex New Zealand	Buy AUD sell NZD	(17)	AUD	1,550
		($ 645)		

		December 31, 2016		
The subsidiaries	Items	Book Value	Nominal Principal (in thousands)	
Synnex New Zealand	Buy USD sell NZD	$ 321	USD	1,900
Synnex New Zealand	Buy AUD sell NZD	(229)	AUD	1,430
		$ 92		

In 2017 and 2016, the subsidiaries of the Company undertook forward exchange contracts with local banks to hedge risks put to foreign currency assets and liabilities arising from fluctuations in exchange rates. The Group recognised (loss) gain on valuation amounting to $5,641 and ($6,461) for the years ended December 31, 2017 and 2016, respectively.

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

(3) Available-for-sale financial assets

	December 31, 2017	December 31, 2016
Current items:		
Listed (TSE and OTC) stocks	$ 817,498	$ 1,193,627
Non-listed (TSE and OTC) stocks	272,050	272,050
Subtotal	1,089,548	1,465,677
Valuation adjustment of available-for-sale financial assets	403,903	182,352
Accumulated impairment - available-for-sale financial assets	(141,882)	(141,882)
Total	$ 1,351,569	$ 1,506,147
Non-current items:		
Listed (TSE and OTC) stocks	$ 4,846	$ 5,250
Non-listed (TSE and OTC) stocks	24,712	24,712
Valuation adjustment of available-for-sale financial assets	22,021	24,025
Accumulated impairment - available-for-sale financial assets	(2,718)	(2,718)
Total	$ 48,861	$ 51,269

A. The Group recognised $627,411 and $317,765 in other comprehensive income for fair value change for the years ended December 31, 2017 and 2016, respectively. Due to the recognised impairment loss, the amount reclassified from equity to current periods' profit (loss) is $0 and ($40,000), respectively. Due to the sale of equity investments, the amount reclassified from equity to current periods' profit (loss) was $407,864 and $94,099, respectively.

B. The Group recognised impairment loss for equity investment after an assessment. As of December 31, 2017 and 2016, the available-for-sale financial assets that were impaired were both $144,600.

C. The fair value of the Group's unlisted shares declined significantly below its initial investment cost. The Group therefore recognised impairment loss of $40,000 on equity investments for the year ended December 31, 2016.

D. As of December 31, 2017 and 2016, no available-for-sale financial assets held by the Group were pledged to others.

(4) Financial assets measured at cost

	December 31, 2017	December 31, 2016
Non-current items:		
Non-listed (TSE and OTC) stocks	$ 1,791,936	$ 1,808,042
Accumulated impairment-financial assets measured at cost	(70,916)	(84,545)
Total	$ 1,721,020	$ 1,723,497

A. According to the Group's intention, its investment in non-listed (TSE and OTC) stocks should be classified as 'available-for-sale financial assets'. However, as stocks are not traded in active market, and no sufficient industry information of companies similar to the company or financial information cannot be obtained, the fair value of the investment in non-listed (TSE and OTC) stocks cannot be measured reliably. The Group classified those stocks as 'financial assets measured at cost'.

B. As of December 31, 2017 and 2016, no financial assets measured at cost held by the Group were pledged to others.

(5) Notes receivable

	December 31, 2017	December 31, 2016
Notes receivable	$ 7,842,951	$ 7,713,819
Less: Allowance for bad debts	(29,090)	(27,992)
	$ 7,813,861	$ 7,685,827

A. The Group's notes receivable that were neither past due nor impaired had good credit quality.

B. Movement analysis of financial assets that were impaired is as follows:

(a) As of December 31, 2017 and 2016, the Group's notes receivable that were impaired amounted to $29,090 and $27,992, respectively.

(b) Movements on the Group's provision for impairment of notes receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 27,992	$ 27,992
Provision for impairment	-	1,642	1,642
Net exchange differences	-	(544)	(544)
At December 31	$ -	$ 29,090	$ 29,090

	2016		
	Individual provision	Group provision	Total
At January 1	$ -	$ 30,181	$ 30,181
Provision for impairment	-	230	230
Net exchange differences	-	(2,419)	(2,419)
At December 31	$ -	$ 27,992	$ 27,992

(6) Accounts receivable and overdue receivables

	December 31, 2017	December 31, 2016
Accounts receivable	$ 48,209,393	$ 40,807,815
Lease payments receivable (current portion)	131,614	127,431
Less: Allowance for bad debts	(145,957)	(104,600)
	48,195,050	40,830,646
Overdue receivables (recorded as other non-current assets)	2,013,874	2,194,573
Less: Allowance for bad debts	(1,503,369)	(1,773,204)
	510,505	421,369
	$ 48,705,555	$ 41,252,015

Overdue receivables consist primarily of amounts due from customers under bankruptcy proceedings and are stated at their estimated net realizable value. As of December 31, 2017 and 2016, the Group received certain security for a portion of the amounts due.

A. The ageing analysis of financial assets that was not impaired is as follows:

	December 31, 2017	December 31, 2016
Not past due	$ 42,390,485	$ 35,102,535
Up to 60 days past due	5,234,288	4,957,445
61-120 days past due	393,942	352,822
121-180 days past due	114,748	152,483
More than 181 days past due	572,092	686,730
	$ 48,705,555	$ 41,252,015

The above amounts are net of deduction of allowance for bad debts.

B. Movement analysis of financial assets that were impaired is as follows:

(a) As of December 31, 2017 and 2016, the Group's accounts receivable that were impaired amounted to $1,649,326 and $1,877,804, respectively.

(b) Movements on the Group's provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 1,773,204	$ 104,600	$ 1,877,804
Provision for impairment	248,076	43,856	291,932
Write off of uncollectibles	(464,948)	-	(464,948)
Net exchange differences	(52,963)	(2,499)	(55,462)
At December 31	$ 1,503,369	$ 145,957	$ 1,649,326

	2016		
	Individual provision	Group provision	Total
At January 1	$ 2,090,718	$ 103,286	$ 2,194,004
Provision for impairment	365,198	14,352	379,550
Write off of uncollectibles	(587,137)	(28,379)	(615,516)
Effect of business combination	14,823	29,133	43,956
Net exchange differences	(110,398)	(13,792)	(124,190)
At December 31	$ 1,773,204	$ 104,600	$ 1,877,804

C. The counterparties of the Group's accounts receivable are customers from different industries and geographical regions; in order to maintain the quality of the receivables, the Group established credit risk management procedures related to operations and continues to evaluate.

The risk evaluation of individual customers takes into consideration the customers' financial position, internal and external credit ratings and historical transaction records and current economic situation amongst other factors that may affect the customers' payment ability. The Group utilises certain credit enhancement instruments when necessary; for example: require customers to pay in advance or provide collaterals to lower the customers' credit risk.

D. The computer and computer peripherals were leased under finance lease and leasing period is over 3 years. The Group expects all lease payments would be collected on schedule. The gross investments in those leases and present value of total minimum lease payments receivable as at December 31, 2017 and 2016 was as follows:

	December 31, 2017		
	Total lease payments receivable	Unearned finance income	Net lease payments receivable
Current			
Not later than one year (recorded as accounts receivable-net)	$ 156,169	($ 24,555)	$ 131,614
Non-current			
Later than one year but not later than five years (recorded as other non -current assets)	155,561	(21,220)	134,341
	$ 311,730	($ 45,775)	$ 265,955

	December 31, 2016		
	Total lease payments receivable	Unearned finance income	Net lease payments receivable
Current			
Not later than one year (recorded as accounts receivable-net)	$ 149,044	($ 21,613)	$ 127,431
Non-current			
Later than one year but not later than five years (recorded as other non -current assets)	115,277	(14,300)	100,977
	$ 264,321	($ 35,913)	$ 228,408

E. Information about accounts receivable that were pledged to others as collaterals is provided in Note 8.

(7) Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

The Group entered into a factoring agreement with a bank to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

(Unit: USD thousand)

December 31, 2017			
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced
The Company			
$1,359,857	$1,359,857	US$98,500	$1,359,857
(US$45,187)	(US$45,187)		(US$45,187)
Subsidiaries			
$1,348,077	$1,348,077	US$102,000	$1,348,077
(US$45,861)	(US$45,861)		(US$45,861)

(Unit: USD thousand)

	December 31, 2016		
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced
The Company			
$371,896 (US$11,688)	$371,896 (US$11,688)	US$98,500	$371,896 (US$11,688)
Subsidiaries			
$1,602,900 (US$49,626)	$1,602,900 (US$49,626)	US$102,000	$1,602,900 (US$49,626)

(8) Other receivables

	December 31, 2017	December 31, 2016
Rebate receivable from suppliers	$ 5,431,589	$ 5,271,900
Refund receivable from suppliers	415,745	499,929
Tax refund receivable- business tax	452,803	560,360
Other non-operating receivables, others	928,520	1,011,848
	$ 7,228,657	$ 7,344,037

(9) Inventories

	December 31, 2017		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 35,982,556	($ 495,797)	$ 35,486,759
Inventory in transit	772,257	-	772,257
Total	$ 36,754,813	($ 495,797)	$ 36,259,016

	December 31, 2016		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 33,933,503	($ 638,876)	$ 33,294,627
Inventory in transit	353,478	-	353,478
Total	$ 34,286,981	($ 638,876)	$ 33,648,105

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2017	2016
Cost of inventories sold	$ 351,465,965	$ 330,546,140
(Gain on reversal of) loss on decline in market value	(119,452)	13,408
Loss on retirement	-	5,941
	$ 351,346,513	$ 330,565,489

In 2017, gain on reversal of valuation loss and obsoleteness arose after the inventory were scrapped or sold.

(10) Investments accounted for under equity method

A. The details are as follows:

	December 31, 2017		December 31, 2016	
	Balance	Percentage ownership	Balance	Percentage ownership
Associates:				
Synnex Corporation	$ 7,304,534	10.61%	$ 6,667,079	10.31%
Redington (India) Ltd.	3,597,652	23.56%	3,498,088	23.58%
Synnex FPT Joint Stock Company (Note 1)	1,064,321	47.00%	-	-
Synnex (Thailand) Public Company Ltd.	996,727	40.00%	901,561	40.00%
Other	68,504	20%~40%	65,695	20%~40%
	$ 13,031,738		$ 11,132,423	

B. The above investments accounted for under the equity method are profit/(loss) and share of other comprehensive income of associates recognised based on annual audited financial statements issued by the investees' independent accountants. Details are as follows:

	Profit/(loss) of associates	
	Years ended December 31,	
	2017	2016
Synnex Corporation	$ 964,678	$ 785,075
Redington (India) Ltd.	541,933	505,017
Synnex (Thailand) Public Company Ltd.	224,331	153,042
Synnex FPT Joint Stock Company (Note 1)	24,090	-
Bestcom Infotech Corporation (Note 2)	-	17,844
Other	4,159	1,982
	$ 1,759,191	$ 1,462,960

	Share of other comprehensive income of associates	
	Years ended December 31,	
	2017	2016
Synnex Corporation	101,178	($ 126,289)
Redington (India) Ltd.	(186,788)	(56,989)
Synnex (Thailand) Public Company Ltd.	2,840	2,814
	($ 82,770)	($ 180,464)

Note 1: On September 11, 2017, the Board of Directors resolved to acquire 47% equity of Vietnamese 3C distributor through the Group's subsidiary, King's Eye Investments Ltd., aiming to enter into Vietnamese market and raise competitive edge. The investment is $1,041,043 (VND 792.7 billion) in total under the agreement. The Group has paid $922,145 (VND 702.1 billion) and completed equity settlement in November 2017. The outstanding payment depends on the fulfillment of contract terms.

Note 2: Bestcom Infotech Corporation has been included in the consolidated financial statements as of April 7, 2016.

C. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Nature of relationship	Methods of measurement
Synnex Corporation	USA	Financial investment	Equity method

The Group is one of the major shareholders of Synnex Corporation, and the Group's Chairman Mr. Matthew Miau serves as Synnex's honorary chairman. Thus, the Group has significant influence over Synnex.

(b) The summarized financial information of the associates that are material to the Group is as follows:

Balance sheet

	Synnex Corporation	
	December 31, 2017	December 31, 2016
Current assets	$ 171,102,782	$ 129,070,574
Non-current assets	58,484,178	39,708,327
Current liabilities	(120,468,381)	(80,033,844)
Non-current liabilities	(40,947,731)	(24,859,275)
Total net assets	$ 68,170,848	$ 63,885,782
Share in associate's net assets	$ 7,236,982	$ 6,593,884
Goodwill	67,552	73,195
Carrying amount of the associate	$ 7,304,534	$ 6,667,079

Statement of comprehensive income

	Synnex Corporation	
	Years ended December 31,	
	2017	2016
Revenue	$ 519,576,783	$ 454,337,953
Profit for the period from continuing operations	9,066,523	7,455,608
Other comprehensive income (loss), net of tax	950,928	(1,223,870)
Total comprehensive income	$ 10,017,451	$ 6,231,738
Dividends received from associates	$ 96,220	$ 83,028

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2017 and 2016, the carrying amount of the Group's individually immaterial associates amounted to $5,727,204 and $4,465,344, respectively.

	Years ended December 31,	
	2017	2016
Profit for the period from continuing operations	$ 794,513	$ 677,885
Other comprehensive loss, net of tax	(183,948)	(54,175)
Total comprehensive income	$ 610,565	$ 623,710

(d)The Group's associates with quoted market price and its fair value has been calculated based on ownership shares proportionately is as follows:

	December 31, 2017	December 31, 2016
Significant associates:		
Synnex Corporation	$ 17,057,234	$ 16,452,333
Individual insignificant associates:		
Redington (India) Ltd.	$ 7,662,488	$ 4,248,975
Synnex (Thailand) Public Company Ltd.	$ 4,355,157	$ 2,036,780

(11) Property, plant and equipment

	Land	Buildings and structures	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2017										
Cost	$ 1,108,465	$ 5,028,226	$ 621,652	$ 506,631	$ 202,193	$ 81,247	$ 953,378	$ 156,538	$ 385,995	$ 9,044,325
Accumulated depreciation	-	(784,744)	(303,422)	(313,186)	(114,334)	(38,623)	(555,146)	(99,584)	-	(2,209,039)
	$ 1,108,465	$ 4,243,482	$ 318,230	$ 193,445	$ 87,859	$ 42,624	$ 398,232	$ 56,954	$ 385,995	$ 6,835,286
2017										
Opening net book amount	$ 1,108,465	$ 4,243,482	$ 318,230	$ 193,445	$ 87,859	$ 42,624	$ 398,232	$ 56,954	$ 385,995	$ 6,835,286
Additions	-	23,533	17,221	70,259	22,022	15,870	23,273	41,459	258,676	472,313
Disposals	-	(540)	(587)	(536)	(284)	(473)	(1,292)	(98)	(1,429)	(5,239)
Reclassifications	-	259,954	16,236	11,508	-	-	-	428	(280,478)	7,648
Depreciation charge	-	(121,974)	(42,242)	(73,077)	(19,331)	(16,674)	(45,261)	(22,277)	-	(340,836)
Net exchange differences	(12,544)	(72,726)	(6,341)	(861)	(540)	(2,467)	(3,223)	(2,427)	(10,980)	(112,109)
Closing net book amount	$ 1,095,921	$ 4,331,729	$ 302,517	$ 200,738	$ 89,726	$ 38,880	$ 371,729	$ 74,039	$ 351,784	$ 6,857,063
At December 31, 2017										
Cost	$ 1,095,921	$ 5,224,164	$ 633,772	$ 558,994	$ 205,465	$ 86,542	$ 711,262	$ 152,530	$ 351,784	$ 9,020,434
Accumulated depreciation	-	(895,435)	(331,255)	(358,256)	(115,739)	(47,662)	(339,533)	(78,491)	-	(2,166,371)
	$ 1,095,921	$ 4,328,729	$ 302,517	$ 200,738	$ 89,726	$ 38,880	$ 371,729	$ 74,039	$ 351,784	$ 6,854,063

	Land	Buildings and structures	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2016										
Cost	$ 973,906	$ 5,058,231	$ 633,155	$ 497,906	$ 173,235	$ 76,673	$ 1,057,751	$ 131,779	$ 557,740	$ 9,160,376
Accumulated depreciation	-	(694,971)	(273,141)	(283,469)	(102,807)	(42,760)	(610,087)	(92,303)	-	(2,099,538)
	$ 973,906	$ 4,363,260	$ 360,014	$ 214,437	$ 70,428	$ 33,913	$ 447,664	$ 39,476	$ 557,740	$ 7,060,838
2016										
Opening net book amount	$ 973,906	$ 4,363,260	$ 360,014	$ 214,437	$ 70,428	$ 33,913	$ 447,664	$ 39,476	$ 557,740	$ 7,060,838
Additions	148,291	5,558	10,679	52,031	33,804	23,405	19,853	34,817	179,038	507,476
Acquired from business combinations	-	-	-	12,023	-	-	2,501	6,008	-	20,532
Disposals	-	(1,527)	(7)	(5,507)	(165)	(208)	(97)	(184)	(388)	(8,083)
Reclassifications	-	275,705	17,088	(847)	-	-	-	-	(311,106)	(19,160)
Depreciation charge	-	(120,250)	(43,657)	(75,707)	(15,591)	(13,639)	(57,302)	(21,115)	-	(347,261)
Net exchange differences	(13,732)	(279,264)	(25,887)	(2,985)	(617)	(847)	(14,387)	(2,048)	(39,289)	(379,056)
Closing net book amount	$ 1,108,465	$ 4,243,482	$ 318,230	$ 193,445	$ 87,859	$ 42,624	$ 398,232	$ 56,954	$ 385,995	$ 6,835,286
At December 31, 2016										
Cost	$ 1,108,465	$ 5,028,226	$ 621,652	$ 506,631	$ 202,193	$ 81,247	$ 953,378	$ 156,538	$ 385,995	$ 9,044,325
Accumulated depreciation	-	(784,744)	(303,422)	(313,186)	(114,334)	(38,623)	(555,146)	(99,584)	-	(2,209,039)
	$ 1,108,465	$ 4,243,482	$ 318,230	$ 193,445	$ 87,859	$ 42,624	$ 398,232	$ 56,954	$ 385,995	$ 6,835,286

Note 1: The significant components of buildings include office buildings and warehouse with main buildings and improvements, which are depreciated over 15~55 and 5~35 years, respectively.

Note 2: Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

Note 3: The Group has no interest capitalization for the years ended December 31, 2017 and 2016.

(12) Investment property

	Buildings and structures	Utilities equipment	Total
At January 1, 2017			
Cost	$ 1,425,748	$ 253,651	$ 1,679,399
Accumulated depreciation	(193,811)	(154,578)	(348,389)
	$ 1,231,937	$ 99,073	$ 1,331,010
2017			
Opening net book amount	$ 1,231,937	$ 99,073	$ 1,331,010
Additions	1,877	242	2,119
Depreciation charge	(32,358)	(25,424)	(57,782)
Net exchange differences	(25,788)	(2,467)	(28,255)
Closing net book amount	$ 1,175,668	$ 71,424	$ 1,247,092
At December 31, 2017			
Cost	$ 1,398,422	$ 248,675	$ 1,647,097
Accumulated depreciation	(222,754)	(177,251)	(400,005)
	$ 1,175,668	$ 71,424	$ 1,247,092

	Buildings and structures	Utilities equipment	Total
At January 1, 2016			
Cost	$ 1,549,896	$ 275,297	$ 1,825,193
Accumulated depreciation	(174,332)	(139,309)	(313,641)
	$ 1,375,564	$ 135,988	$ 1,511,552
2016			
Opening net book amount	$ 1,375,564	$ 135,988	$ 1,511,552
Additions	-	438	438
Reclassifications	86	-	86
Depreciation charge	(34,879)	(27,562)	(62,441)
Net exchange differences	(108,834)	(9,791)	(118,625)
Closing net book amount	$ 1,231,937	$ 99,073	$ 1,331,010
At December 31, 2016			
Cost	$ 1,425,748	$ 253,651	$ 1,679,399
Accumulated depreciation	(193,811)	(154,578)	(348,389)
	$ 1,231,937	$ 99,073	$ 1,331,010

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

	Years ended December 31,	
	2017	2016
Rental income from the lease of the investment property	$ 481,002	$ 477,562
Direct operating expenses arising from the investment property that generated rental income during the year	$ 160,433	$ 178,063

B. The fair value of the investment property held by the Group as of December 31, 2017 and 2016 was $3,186,633 and $2,803,345, respectively, which is based on the present value of rental revenue for the next 10 years and disposal value, which is categorized within level 3 in the fair value hierarchy. The growth rates used are consistent with the forecasts included in market quotation reports and historical experiences. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(13) Intangible assets

	Computer software cost	Goodwill	Total
At January 1, 2017			
Cost	$ 285,653	$ 560,246	$ 845,899
Accumulated amortisation	(143,340)	-	(143,340)
	$ 142,313	$ 560,246	$ 702,559
2017			
Opening net book amount	$ 142,313	$ 560,246	$ 702,559
Additions-acquired separately	23,158	-	23,158
Amortisation charge	(59,349)	-	(59,349)
Net exchange differences	(200)	(24,728)	(24,928)
Closing net book amount	$ 105,922	$ 535,518	$ 641,440
At December 31, 2017			
Cost	$ 293,909	$ 535,518	$ 829,427
Accumulated amortisation	(187,987)	-	(187,987)
	$ 105,922	$ 535,518	$ 641,440

	Computer software cost	Goodwill	Total
At January 1, 2016			
Cost	$ 234,838	$ 326,527	$ 561,365
Accumulated amortisation	(111,524)	-	(111,524)
	$ 123,314	$ 326,527	$ 449,841
2016			
Opening net book amount	$ 123,314	$ 326,527	$ 449,841
Additions-acquired separately	70,672	-	70,672
Acquired through business combinations	7,114	239,479	246,593
Amortisation charge	(57,596)	-	(57,596)
Net exchange differences	(1,191)	(5,760)	(6,951)
Closing net book amount	$ 142,313	$ 560,246	$ 702,559
At December 31, 2016			
Cost	$ 285,653	$ 560,246	$ 845,899
Accumulated amortisation	(143,340)	-	(143,340)
	$ 142,313	$ 560,246	$ 702,559

A. Amortization charges on intangible assets were recognised as administrative expenses amounting to $59,349 and $57,596 for the years ended December 31, 2017 and 2016, respectively.

B. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	December 31, 2017	December 31, 2016
Taiwan	$ 239,479	$ 239,479
Hong Kong/China	296,039	320,767
	$ 535,518	$ 560,246

C. Impairment of non-financial assets

Goodwill is allocated to the Group's cash-generating units identified according to operation segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are consideration into gross margin, growth rate and discount rate.

Management determined budgeted gross margin based on past performance and its expectations of market development. The growth rates used are consistent with the forecasts included in market quotation reports and historical experiences. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(14) Other non-current assets

	December 31, 2017	December 31, 2016
Refundable deposits	$ 794,690	$ 696,530
Long-term notes and overdue receivables	510,505	421,369
Long-term prepaid rent	835,481	873,626
Pledged time deposits	1,390,002	260,562
Long-term lease and installment receivables	134,341	100,977
Others	105,322	211,423
	$ 3,770,341	$ 2,564,487

A. The above long-term prepaid rent was mainly due to the Group signing a land use right contract for use of the land in the People's Republic of China. All rentals had been paid on the contract date. The Group recognised rental expenses of $19,886 and $21,610 and for the years ended December 31, 2017 and 2016, respectively.

B. For details of long-term lease and installment receivables, please refer to Note 6(6).

(15) Short-term borrowings

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 44,119	5.5%	Accounts receivable and inventories
Unsecured borrowings	36,036,801	0.9%~2.84%	None
	$ 36,080,920		

Type of borrowings	December 31, 2016	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 38,687,813	0.933%~5.58%	None

(16) Short-term notes and bills payable

	December 31, 2017	December 31, 2016
Commercial paper payable	$ 8,580,000	$ 5,420,000
Interest rate range	0.848%~1.148%	0.868%~1.168%

The above-mentioned short-term notes and bills payables are issued and accepted by financial institutions.

(17) Other payables

	December 31, 2017	December 31, 2016
Dealers' bonus payable	$ 2,425,458	$ 2,172,733
Temporary receipt of suppliers' payment on behalf of others	2,029,695	1,761,165
Salary payable and bonus	772,365	813,298
Accrued expenses-others	797,265	651,789
Other payables-others	1,264,049	1,350,057
	$ 7,288,832	$ 6,749,042

(18) Pensions

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

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

	December 31, 2017	December 31, 2016
Present value of defined benefit obligations	($ 619,801)	($ 598,817)
Fair value of plan assets	(252,608)	257,523
Net defined benefit liability (recorded as other non-current liabilities)	($ 367,193)	($ 341,294)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 598,817)	$ 257,523	($ 341,294)
Current service cost	(8,014)	-	(8,014)
Interest (expense) income	(11,183)	3,597	(7,586)
	(618,014)	261,120	(356,894)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(988)	(988)
Change in demographic assumptions	(210)	-	(210)
Exchange differences from translation	3,939	-	3,939
Change in financial assumptions	(23,346)	-	(23,346)
Experience adjustments	2,241	-	2,241
	(17,376)	(988)	(18,364)
Pension fund contribution	-	7,820	7,820
Paid pension	15,588	(15,343)	245
Balance at December 31	($ 619,802)	$ 252,609	($ 367,193)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	($ 484,066)	$ 198,503	($ 285,563)
Acquired from business combination	(68,746)	48,150	(20,596)
Current service cost	(9,625)	-	(9,625)
Interest (expense) income	(11,660)	4,222	(7,438)
	(574,097)	250,875	(323,222)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,016)	(2,016)
Change in demographic assumptions	(239)	-	(239)
Exchange differences from translation	(81)	-	(81)
Change in financial assumptions	(18,772)	-	(18,772)
Experience adjustments	(5,812)	-	(5,812)
	(24,904)	(2,016)	(26,920)
Pension fund contribution	-	8,664	8,664
Paid pension	184	-	184
Balance at December 31	($ 598,817)	$ 257,523	($ 341,294)

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

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

i. The principal actuarial assumptions used for the Company and its subsidiaries in Taiwan were as follows:

	Years ended December 31,	
	2017	2016
Discount rate	1.10%~1.25%	1.375%~1.40%
Future salary increases	3.00%~4.00%	3.00%~4.00%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2017				
Effect on present value of defined benefit obligation	$ 14,223	($ 14,772)	($ 13,147)	$ 12,750
December 31, 2016				
Effect on present value of defined benefit obligation	$ 14,626	($ 15,124)	($ 13,568)	$ 13,143

The sensitivity analysis above is based on one assumption which changed while the other conditions unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2017 and during 2016 are the same, except the actuarial assumption of discount rate and future salary increases.

ii. The principal actuarial assumptions used for foreign subsidiaries were as follows:

	2017	2016
Discount rate	7.25%	8.50%
Future salary increases	9.00%	9.00%

Future mortality rate was estimated based on TMI 3 issued by Insurance Council of Indonesia.

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2017				
Effect on present value of defined benefit obligation	$ 6,175	($ 7,354)	($ 7,384)	$ 6,313
December 31, 2016				
Effect on present value of defined benefit obligation	$ 4,962	($ 5,901)	($ 6,002)	$ 5,128

(f) As of December 31, 2017, the weighted average duration of that retirement plan is 11~17.69 years.

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 amounts to $10,092.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2017 and 2016 were $76,136 and $60,773, respectively.

(c) No pension plan is established for Synnex Global Ltd., King's Eye Investments Ltd., Peer Developments Ltd., Synnex China Holdings Ltd., Synnex Mauritius Ltd., Laser Computer Holdings Ltd., and Trade Vanguard Golobal Ltd. since these companies are not required to have an employee pension plan in accordance with the local legislation. Except for the above, other consolidated overseas subsidiaries have established a funded defined contribution pension plan and therefore, contribute monthly a certain percentage of the employees' monthly salaries and wages to the retirement fund. Except for monthly contributions to the retirement fund, these companies have no further obligations. The pension costs under the defined contribution pension plan for the years ended December 31, 2017 and 2016 were $242,258 and $242,689, respectively.

(19) Share capital

A. As of December 31, 2017, the Company's authorised capital was $22,000,000 (including $500,000 reserved for the conversion of employees' stock options which have not been issued). The total number of shares of common stock, at $10 (in dollars) par value per share, issued and outstanding, was 1,667,946,968 shares. All proceeds from shares issued have been collected.

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

	2017	2016
At January 1	1,667,946,968	1,588,520,922
Stock dividends	-	79,426,046
At December 31	1,667,946,968	1,667,946,968

B. The Company issued common stock (Deposited Shares) through global depository shares (GDSs) in Europe, Asia and the USA in 1997 and 1999. Each GDS represents 4 Deposited Shares. The GDSs may not be offered, sold or delivered, directly or indirectly, in the R.O.C. As of December 31, 2017, the total number of GDSs outstanding was 948,893 units, representing 3,795,584 shares of common stock. The main terms and conditions of the GDSs are as follows:

(a) Voting

Holders of GDSs have no right to directly exercise voting rights or attend the Company's stockholders' meeting, except that a holder or holders together holding at least 51% of the GDSs outstanding at the relevant record date of the stockholders' meeting, can instruct the Depositary to vote in the same direction in respect of one or more resolutions to be proposed at the meeting.

(b) Sale and withdrawal of GDSs

Commencing three months after the initial issuance of GDSs, a holder of GDSs may, provided that the Company has delivered to the custodian physical share certificates in respect of the Deposited Shares, request the Depositary to sell or cause to be sold on behalf of such holder the shares represented by such GDSs.

(c) Dividends

GDS holders are entitled to receive dividends to the same extent as the holders of common stock subject to the terms of the Deposit Agreement and applicable laws of the R.O.C.

(20) Capital surplus

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

	2017					
	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures	Stock options	Others	Total
At January 1	$ 13,626,940	$ 340,678	$ -	$ 228,445	$ -	$ 14,196,063
Changes in equity of associates and joint ventures	-	-	167,496	-	-	167,496
Unclaimed dividends	-	-	-	-	1,299	1,299
At December 31	$ 13,626,940	$ 340,678	$ 167,496	$ 228,445	$ 1,299	$ 14,364,858

	2016					
	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures	Stock options	Others	Total
At January 1	$ 13,626,940	$ 340,678	($ 56,341)	$ 228,445	$ -	$ 14,139,722
Changes in equity of associates and joint ventures	-	-	56,341	-	-	56,341
At December 31	$ 13,626,940	$ 340,678	$ -	$ 228,445	$ -	$ 14,196,063

(21) Retained earnings / Events after the balance sheet date

A. The Company’s Articles of Incorporation provide that current year’s net income, after recovering any past losses and deducting all taxes in accordance with the law, shall be distributed in the following order: (a) set aside 10% of the net income as legal reserve, (b) set aside the special reserve in the amount of the net reduction of adjustments under the stockholders’ equity for the current year related mainly to cumulative translation adjustments and unrealized loss on long-term investments, (c) 30% to 100% of the remaining portion (plus the retained earnings carried over from the last fiscal year as permitted by the Company Law) shall be distributed as dividends to all stockholders in proportion to their individual holdings as proposed by the Board of Directors and approved at the stockholders’ meeting. No less than 15% of total stockholders’ dividends may be distributed in the form of cash dividends.

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

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

D. (a) The appropriation of 2016 and 2015 earnings had been resolved at the stockholders’ meeting on June 7, 2017 and June 8, 2016, respectively. Details are summarized below:

	Years ended December 31,			
	2016		2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 487,668	$ -	$ 318,600	$ -
Special reserve	2,710,805	-	126,513	-
Cash dividends	1,667,947	1.00	2,382,781	1.50
Stock dividends	-	-	794,260	0.50

(b) The appropriation of 2017 earnings had been proposed at the Board of Directors’ meeting on March 13, 2018. Details are summarized below:

	Year ended December 31, 2017	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 611,490	$ -
Special reserve	1,983,231	-
Cash dividends	3,669,483	2.20

E. For information relating to employees' remuneration (bonus) and directors' and supervisors' remuneration, please refer to Note 6(28).

(22) Other equity items

	Currency translation	Available-for-sale investments	Total
At January 1, 2017	($ 3,044,176)	206,858	($ 2,837,318)
Transfer out for revaluation	-	(407,864)	(407,864)
Revaluation:			
–Group	-	627,443	627,443
–Associates	-	2,840	2,840
Currency translation differences:			-
–Group	(2,120,039)	-	(2,120,039)
–Associates	(85,610)	-	(85,610)
At December 31, 2017	($ 5,249,825)	$ 429,277	($ 4,820,548)

	Currency translation	Available-for-sale investments	Total
At January 1, 2016	($ 66,998)	($ 59,515)	($ 126,513)
Transfer out for provision of impairment	-	40,000	40,000
Transfer out for revaluation	-	(94,099)	(94,099)
Revaluation:			
–Group	-	317,765	317,765
–Associates	-	2,707	2,707
Currency translation differences:			-
–Group	(2,794,008)	-	(2,794,008)
–Associates	(183,170)	-	(183,170)
At December 31, 2016	($ 3,044,176)	$ 206,858	($ 2,837,318)

(23) Operating revenue

	Years ended December 31,	
	2017	2016
Sales revenue	$ 363,386,723	$ 342,085,713
Other revenue	821,154	610,740
Total	$ 364,207,877	$ 342,696,453

(24) Other income

	Years ended December 31, 2017	Years ended December 31, 2016
Rental revenue	$ 545,763	$ 577,169
Interest income:		
Interest income from bank deposits	247,440	294,035
Other interest income	126,086	135,606
Dividend income	151,777	143,936
Others	197,450	146,454
Total	$ 1,268,516	$ 1,297,200

(25) Other gains and losses

	Years ended December 31, 2017	Years ended December 31, 2016
Net gains on financial assets at fair value through profit or loss	$ 30,909	$ 103,820
Net currency exchange gains (losses)	410,159	(700,965)
Gains on disposal of invested financial assets	357,363	135,699
Impairment loss on financial assets	-	(40,000)
Gain on disposal of investments accounted for using equity method	-	127,709
Gain (loss) on disposal of property, plant and equipment and investment property	2,097	(303)
Related expense charges on investment property	(160,433)	(178,063)
Losses on revaluation of investments accounted for using equity method	-	(42,359)
Others	(141,510)	(52,761)
Total	$ 498,585	($ 647,223)

(26) Finance costs

	Years ended December 31, 2017	Years ended December 31, 2016
Interest expense:		
Bank borrowings	$ 512,274	$ 601,847
Short-term notes and bills payable	66,244	54,845
Finance costs	$ 578,518	$ 656,692

(27) Expenses by nature

	Years ended December 31, 2017	Years ended December 31, 2016
Employee benefit expense	$ 4,766,489	$ 4,609,129
Depreciation charges on property, plant and equipment	340,836	347,261
Amortisation charges on intangible assets	59,349	57,596
	$ 5,166,674	$ 5,013,986

(28) Employee benefit expense

	Years ended December 31, 2017	Years ended December 31, 2016
Wages and salaries	$ 4,033,957	$ 3,901,637
Labor and health insurance fees	311,855	295,545
Pension costs	333,994	320,525
Other personnel expenses	86,683	91,422
	$ 4,766,489	$ 4,609,129

A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, a ratio of distributable profit before tax of the current year, covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be at least 0.01% and not be more than 10% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash and directors' and supervisors' remuneration distributed in the form of cash.

   In the case of employee stock bonuses, the employees of the subsidiaries meeting certain terms authorized by the Company's Chairman are included.

B. For the years ended December 31, 2017 and 2016, employees' compensation (bonus) was accrued at $600; directors' and supervisors' remuneration was accrued at $6,000. The aforementioned amounts were recognized in salary expenses.

   The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.010% and 0.10% of distributable profit of current year for the year ended December 31, 2017. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $700 and $7,500, and will be distributed in the form of cash.

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

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2017	Years ended December 31, 2016
Current tax:		
Current tax on profits for the year	$ 329,661	$ 107,850
Prior year income tax over estimation	(14,793)	(39,335)
Prepaid income tax	656,361	676,933
Gain on business combinations	-	(9,523)
Additional 10% tax on undistributed earnings	(1,026)	-
Total current tax	970,203	735,925
Deferred tax:		
Origination and reversal of temporary differences	493,870	(135,184)
Total deferred tax	493,870	(135,184)
Others:		
Additional 10% tax on undistributed earnings	1,026	-
Income tax expense	$ 1,465,099	$ 600,741

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

	Years ended December 31, 2017	Years ended December 31, 2016
Remeasurement of defined benefit obligations	$ 3,630	$ 3,785

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2017	Years ended December 31, 2016
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 2,720,900	$ 1,483,667
Effects from items disallowed by tax regulation	(605,594)	(290,131)
Tax exempt income by tax regulation	(61,453)	(66,908)
Temporary differences not recognised as deferred tax liabitities	(868,876)	(714,903)
Taxable loss not recognised as deferred tax assets	293,889	228,351
Additional 10% tax on undistributed earnings	1,026	-
Prior year income tax over estimation	(14,793)	(39,335)
Income tax expense	$ 1,465,099	$ 600,741

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	Year ended December 31, 2017					
	January 1,	Acquired from business combinations	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate	December 31,
Temporary differences:						
-Deferred tax assets:						
Unrealized bad debts	$ 437,379	$ -	($ 50,326)	$ -	($ 5,671)	$ 381,382
Unrealized loss on inventory value decline	99,763	-	(17,640)	-	(1,201)	80,922
Depreciation	17,576	-	344	-	(44)	17,876
Unrealised exchange loss	(15,792)	-	40,439	-	907	25,554
Unused compensated absences	35,344	-	7,673	-	(7,065)	35,952
Accrued pensions	61,529	-	1,641	3,630	(156)	66,644
Unrealized accrued expenses	50,375	-	(3,731)	-	(327)	46,317
Loss carryforward (Note)	621,142	-	(452,471)	-	(952)	167,719
Others	-	-	766	-	(2)	764
Subtotal	$ 1,307,316	$ -	($ 473,305)	$ 3,630	($ 14,511)	$ 823,130
-Deferred tax liabilities:						
Unrealised purchase discount	($ 105,851)	$ -	($ 31,166)	$ -	$ 298	($ 136,719)
Unrealised exchange gain	(1,030)	-	851	-	-	(179)
Others	(37,423)	-	9,750	-	272	(27,401)
Subtotal	($ 144,304)	-	($ 20,565)	$ -	$ 570	($ 164,299)
Total	$ 1,163,012	$ -	-$ 493,870	$ 3,630	($ 13,941)	$ 658,831

	Year ended December 31, 2016					
	January 1,	Acquired from business combinations	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate	December 31,
Temporary differences:						
-Deferred tax assets:						
Unrealized bad debts	$ 375,216	$ 1,185	$ 82,817	$ -	($ 21,839)	$ 437,379
Unrealized loss on inventory value decline	75,009	9,081	20,654	-	(4,981)	99,763
Depreciation	16,674	-	1,779	-	(877)	17,576
Unrealised exchange loss	7,740	-	(23,696)	-	164	(15,792)
Unused compensated absences	41,191	1,196	3,343	-	(1,705)	35,344
Accrued pensions	42,368	4,733	1,745	3,785	217	61,529
Unrealized accrued expenses	130,186	572	(77,868)	-	(2,515)	50,375
Loss carryforward (Note)	499,813	680	165,551	-	(44,902)	621,142
Subtotal	$ 1,188,197	$ 17,447	$ 174,325	$ 3,785	($ 76,438)	$ 1,307,316
-Deferred tax liabilities:						
Unrealised purchase discount	($ 62,845)	$ -	($ 48,039)	$ -	$ 5,033	($ 105,851)
Unrealised exchange gain	-	(45)	(985)	-	-	(1,030)
Others	(49,134)	-	9,883	-	1,828	(37,423)
Subtotal	($ 111,979)	($ 45)	($ 39,141)	$ -	$ 6,861	($ 144,304)
Total	$ 1,076,218	$ 17,402	$ 135,184	$ 3,785	($ 69,577)	$ 1,163,012

Note: Realised but unused loss carryforward from expected future taxable profits.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2017				
Year incurred	Amount filed /assessed	Unused amount	Deferred tax assets	Expiry year
2012~2017	$ 2,306,059	$ 2,306,059	$ 1,277,165	2017~2022

December 31, 2016				
Year incurred	Amount filed /assessed	Unused amount	Deferred tax assets	Expiry year
2012~2016	$ 3,750,405	$ 3,750,405	$ 1,333,165	2017~2022

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2017	December 31, 2016
Deductible temporary differences	$ 15,935	$ 15,935

F. The subsidiaries' losses are allowed to be carried forward from 2017 to 2022.

G. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2017 and 2016, the amounts of temporary difference unrecognised as deferred tax liabilities were $7,819,098 and $7,296,663, respectively.

H. As of December 31, 2017, the Company's income tax returns through 2015 have been assessed and approved by the Tax Authority.

I. Unappropriated retained earnings:

	December 31, 2016
Earnings generated in and after 1998	$ 7,992,064

J. As of December 31, 2016, the balance of the imputation tax credit account was $232,750. The creditable tax rate was 4.19% for the year ended December 31, 2016.

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

(30) Earnings per share

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 6,114,896	1,667,947	$ 3.67
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	6,114,896	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	18	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 6,114,896	1,667,965	$ 3.67

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 4,876,679	1,667,947	$ 2.92
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	4,876,679	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	28	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 4,876,679	1,667,975	$ 2.92

(31) Transactions with non-controlling interests

Disposal of equity interest in a subsidiary (that did not result in a loss of control)

The Group disposed 5.91% equity of Bestcom Infotech Corp. that was previously wholly owned by the Group for a consideration of $83,082. The disposal resulted in an increase in non-controlling interests by $99,842 and a decrease in equity attributable to owners of parent by $16,760. The changes in equity of the Company affected the equity attributable to owners of parent as follows:

		Year ended December 31, 2017
Consideration received from non-controlling interest	$	83,082
Carrying amount of non-controlling interest	(	99,842)
Other equity - Currency translation differences	(	461)
Other equity - Unrealised gain on valuation of available-for-sale financial assets		50
Retained earnings	($	17,171)

(32) Business combinations

A. To expand the scale of entire operation and exert synergy of economic of scale, on April 7, 2016, the Group acquired 55.41% of the share capital of Bestcom Infotech Corp for $1,029,289, and also acquired 3.73% of the share capital for $69,369 through Section 30 of the Business Mergers And Acquisitions Act, and with 40.86% of the share capital it already held, the Group now had 100% of the share capital and obtained the control.

B. The following table summarizes the consideration paid for Bestcom Infotech Corp and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets at the acquisition date:

		April 7, 2016
Purchase consideration – cash paid	$	1,098,658
Fair value of equity interest in Bestcom Infotech Corp held before the business combination		759,002
		1,857,660
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		153,570
Notes receivable		76,668
Accounts receivable (including lease payments receivable)		1,867,428
Other receivables		40,842
Inventories		619,293
Other current assets		43,708
Non-current available-for-sale financial assets		31,466
Investments accounted for using equity method		63,755
Property, plant and equipment		20,532
Intangible assets		7,114
Other non-current assets		149,328
Short-term borrowings	(	250,389)
Short-term notes and bills payable	(	300,000)
Notes payable	(	60,548)
Accounts payable	(	558,376)
Other payable	(	229,940)
Current tax liabilities	(	28,598)
Other current liabilities	(	7,031)
Other non-current liabilities	(	20,641)
Total identifiable net assets		1,618,181
Goodwill	$	239,479

C. The Group recognised a loss of $42,359 as a result of measuring at fair value its 40.86% equity interest in Bestcom Infotech Corp held before the business combination.

D. The operating revenue included in the consolidated statement of comprehensive income since April 7, 2016 contributed by Bestcom Infotech Corp was $9,135,149. Bestcom Infotech Corp also contributed profit before income tax of $196,432 over the same period. Had Bestcom Infotech Corp been consolidated from January 1, 2016, the consolidated statement of comprehensive income would increase operating revenue of $2,301,849 and profit before income tax of $33,522.

(33) Operating leases

The Group leases office buildings to others under non-cancellable operating lease agreements. For the years ended December 31, 2017 and 2016, the Group recognised rental revenue of $545,763 and $577,169, respectively. The Group has leased a series of operating leases to several companies, and these leases have terms expiring between 2018 and 2024, and some leases are renewable at the end of the lease period. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	December 31, 2017	December 31, 2016
Not later than one year	$ 402,946	$ 367,490
Later than one year but not later than five years	807,435	908,578
Later than five years	8,617	131,490
	$ 1,218,998	$ 1,407,558

(34) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2017	2016
Purchase of property, plant and equipment	$ 472,313	$ 507,476
Add: Opening balance of payable on equipment	43,626	53,078
Less: Ending balance of payable on equipment	(18,178)	(43,626)
Effects on exchange rate	(463)	(2,946)
Cash paid during the period	$ 497,298	$ 513,982

	Years ended December 31,	
	2017	2016
Purchase of intangible assets	$ 23,158	$ 70,672
Add: Opening balance of other payables	17,899	33,756
Less: Ending balance of other payables	-	(17,899)
Effects on exchange rate	15	(258)
Cash paid during the period	$ 41,072	$ 86,271

B. The Group acquired 100% of the share capital of Bestcom Infotech Corp. on April 7, 2016. For the summary of the consideration paid for Bestcom Infotech Corp. and the fair values of the assets acquired and liabilities, please refer to Note 6(32).

C. The Group disposed 5.91% equity of Bestcom Infotech Corp. on April 6, 2017. Please refer to Note 6(31) for the consideration’s effect on cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Associates:	
Synnex (Thailand) Public Company Ltd. and its Subsidiaries (Synnex Thailand)	King's Eye’s investee accounted for using equity method
Asgard System, Inc.	Indirect investee of Bestcom Infotech Corp.
Inforcom Technology Inc.	Indirect investee of Bestcom Infotech Corp.
Din Yen Technology Inc.	Indirect investee of Bestcom Infotech Corp.
Xvizion Taiwan Limited	Indirect investee of Bestcom Infotech Corp.
Udar Digital Inc.	Indirect investee of Bestcom Infotech Corp.

Names of related parties	Relationship with the Group
Other related parties:	
Mitac Information Technology Corporation	The Company's chairperson is the related party's vice chairperson
Mitac International Corporation	The Company's chairperson is the related party's chairperson
Lien-Hwa Industrial Corporation	The Company's chairperson is the related party's chairperson
Mitac Computing Technology Corporation	The Company's chairperson is the related party's director
Getac Technology Corporation	The Company's chairperson is the related party's director
Mitac Incorporated	The Company's chairperson is the related party's chairperson
Union Petrochemical Corporation	The Company's chairperson is the related party's chairperson
Harbinger Venture Capital Corporation	The Company's chairperson is the related party's chairperson
Tong Da Investment Corporation	The Company's chairperson is the related party's chairperson
Mitac Communication Co., Ltd.	The related party's director is the second-degree relative of the Company's chairperson
Shunda Computer Factory Co., Ltd.	The related party's chairperson is the director of MiTAC Computing Technology Corp.
Digitimes Corp.	The Company is the related party's director
Ho Li Investment Co., Ltd. (Ho Li)	Subsidiary of other related party Mitac International Corp.
Mei-An Investment Corporation (Mei-An)	The Company's director is the related party's director
PT. Mitra Integrasi Informatika (MII)	Entity controlled by SMI's shareholders
PT. My Icon Technology (MIT)	Entity controlled by SMI's shareholders
PT. Metrodata Electronics, Tbk (MTDL)	SMI's director
PT. Logicalis Metrodata Indonesia (LMI)	Entity controlled by SMI's shareholders

Names of related parties	Relationship with the Group
PT. Soltius Indonesia (SI)	Entity controlled by SMI's shareholders
PT. Metro Mobile Indonesia (MMI)	Entity controlled by SMI's shareholders

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2017	2016
Sales of goods:		
－Associates	$ 302,370	$ 158,176
－Other related parties	1,229,936	1,087,982
	$ 1,532,306	$ 1,246,158

Goods are sold based on the price lists in force and terms that would be available to third parties.

The collection term for related parties is within 30~120 days of the date of statement. The collection term for third parties is within 7~165 days of the date of statement.

B. Receivables from related parties

	December 31, 2017	December 31, 2016
Receivables from related parties:		
－Associates	$ 60,811	$ 54,551
－Other related parties	172,602	329,914
	$ 233,413	$ 384,465

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

C. Purchases of goods

	Years ended December 31,	
	2017	2016
Purchases of goods:		
－Associates	$ -	$ 5,775
－Other related parties	29,881	653
	$ 29,881	$ 6,428

Goods and services are bought from associates on normal commercial terms and conditions.

The collection term for related parties is within 30~40 days of the date of statement. The collection term for third parties is within 1~120 days after receipt of goods or 10 ~ 120 days from the first day of the month following the month of the receipt.

D. Payables to related parties

	December 31, 2017	December 31, 2016
Accounts payable:		
－Other related parties	$ 20,842	$ -

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

E. Other transactions

(a) The details of other receivables, other payables, dividend receivables and dividend revenue arising from rental service that the Group provides to related parties are as follows:

	Years ended December 31, 2017	Years ended December 31, 2016
Other receivables		
Associates	$ 210	$ 590

	Years ended December 31, 2017	Years ended December 31, 2016
Other payables		
Associates	$ 1,438	$ 988
Other related parties	2,002	2,965
	$ 3,440	$ 3,953

	Years ended December 31, 2017	Years ended December 31, 2016
Other income		
－Associates	$ 1,158	$ 10,984
－Other related parties	118,929	106,582
	$ 120,087	$ 117,566

(b) Disposal of financial assets

Counterparty	Recorded items	No. of shares	Disposed assets	Year ended December 31, 2017 Disposal proceeds	Year ended December 31, 2017 (Loss) gain on disposal
Mitac International Corporation, Mitac Incorporated, Ho Li, Mei-An	Current available-for -sale financial assets	24,449,836	Lien-Hwa Industrial Corporation -common shares	$ 639,353	$ 311,498

The total proceeds of disposal has been collected as of December 31, 2017. There was no disposal of financial assets with related parties for the year ended December 31, 2016.

(3) Key management compensation

	Years ended December 31, 2017	Years ended December 31, 2016
Short-term employee benefits	$ 96,000	$ 66,480
Post-employment benefits (Note)	3,320	3,440
Total	$ 99,320	$ 69,920

Note: Benefits are provisions that are not actually distributed.

8. PLEDGED ASSETS

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

Pledged asset	Book value December 31, 2017	Book value December 31, 2016	Purpose
Accounts receivable	$ 335,028	$ -	Pledged for short-term borrowings
Inventories	335,027	-	Pledged for short-term borrowings
Other current assets:			
Pledged time deposits	26,898	20,015	Secured loans and warranty guarantees
Other non-current assets:			
Pledged time deposits	1,390,002	260,562	Guarantees for purchases; short-term secured loans and promissory notes.
Property, plant and equipment:			
Land and buildings	-	225,353	Guarantees for secured loans of Fortune Ideal Ltd. (Actual but not used)
	$ 2,086,955	$ 505,930	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. As of December 31, 2017 and 2016, the Group issued promissory notes to guarantee the suppliers' credit limit amounting to $1,815,512 and $2,130,210, respectively, for inventory purchases.

B. On November 24, 2015, Kunshan Kunhao Electromechanical Co.Ltd. (Kunhao) filed a lawsuit against Syntech Asia Ltd. (SAL), the Company's indirect wholly-owned subsidiary, in the Hong Kong High Court for breach of oral contract of sales on July 7, 2014 and requested SAL to compensate Kunhao for its losses amounting to USD 2,964 thousands. SAL disagreed with the request and raised an appeal in accordance with Hong Kong laws. SAL submitted an application to the Hong Kong High Court in February 1, 2016 and requested the Hong Kong High Court to deny the claim of Kunhao. The Hong Kong High Court has not yet begun formal court hearings on the lawsuit, so the result of the litigation is uncertain. Therefore, the Group has not estimated the potential losses in the financial statements.

C. On December 22, 2014, Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corporation filed a third party lawsuit against the Company and Synnex

Electronic Hong Kong Ltd, in United States District Court for Massachusetts for breach of agency contract since the Company and Synnex Electronic Hong Kong Ltd did not state the limit of warranty liability. This caused Fairchild to bear a significant amount of warranty liability that Fairchild requested the Company and Synnex Electronic Hong Kong Ltd to compensate for its losses amounting to USD 30,000 thousand. For this lawsuit, the Company and Synnex Electronic Hong Kong Ltd advocated that Fairchild breached the personal jurisdiction and had insufficient reason to prosecute. The United States District Court agreed with the Company and Synnex Electronic Hong Kong Ltd and dismissed the lawsuit by Fairchild on June 18, 2015. In the first quarter of 2016, Fairchild Semiconductor Hong Kong Limited filed a lawsuit against the Company again in Hong Kong International Arbitration Centre. The Hong Kong International Arbitration Centre has not yet begun formal court hearings on the lawsuit, so the result of the litigation is uncertain. Therefore, the Company has not estimated the potential losses in the financial statements.

D. Unisplendour Digital (Suzhou) Group Co. Ltd. (the “Plaintiff”) has brought a sales dispute against Synnex Distributions (China) Ltd. (the “Defendant”) to Suzhou Xiangcheng People’s Court in China on November 13, 2017. In the complaint, the Plaintiff claimed a return of payment totaling RMB $51,921 thousand from the Defendant. On the ground that law enforcement has initiated investigation, the Court dismissed the complaint on January 22, 2018.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2017	December 31, 2016
Property, plant and equipment	$ 648,181	$ 512,989

B. Operating lease agreements

The Group leases in offices under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2017	December 31, 2016
Not later than one year	$ 408,916	$ 377,077
Later than one year but not later than five years	574,150	199,963
Later than five years	40,857	591
Total	$ 1,023,923	$ 577,631

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The appropriations of 2017 earnings had been proposed at the Board of Directors’

meeting on March 17, 2018, please refer to Note 6(21).

(2) Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. This will increase the Company's deferred tax assets and deferred tax liabilities by $22,185 and $32, respectively, which will be adjusted in the first quarter of 2018.

(3) The liquidator of Dick Smith Electronics Pty Ltd. ("DSC") issued a letter of demand to Synnex Australia Pty Ltd. ("Synnex AUS") indicating an unfair preference payment was made by DSC to Synnex AUS. On behalf of Synnex AUS, the lawyers are preparing the response to contend that the payment was related to the shipment of goods in the regular course of business of Synnex AUS. The case is still ongoing and the result is undeterminable.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During 2017, the Group's strategy was unchanged from 2016. The gearing ratios at December 31, 2017 and 2016 were 66%.

(2) Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowing, notes payable, accounts payable and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	December 31, 2017	
	Book value	Fair value
Financial assets:		
Other financial assets (shown as other non-current assets)	$ 2,184,692	$ 2,184,692
Financial liabilities:		
Deposits received (shown as other non-current liabilities)	$ 140,157	$ 140,157

	December 31, 2016	
	Book value	Fair value
Financial assets:		
Other financial assets (shown as other non-current assets)	$ 957,092	$ 957,092
Financial liabilities:		
Deposits received (shown as other non-current liabilities)	$ 138,333	$ 138,333

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, USD and AUD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2017				
		Foreign currency amount (In thousands) (Note 2)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	101,060	29.81	$	3,012,599
USD:HKD (Note 1)		143,676	7.81		4,282,982
USD:AUD (Note 1)		14,500	1.28		432,245
Non-monetary items					
INR:USD (Note 1)	$	7,729,846	0.0156	$	3,597,652
THB:USD (Note 1)		1,093,037	0.0306		996,727
VND:USD (Note 1)		811,442,695	0.000044		1,064,321
Financial liabilities					
Monetary items					
USD:NTD	$	5,506	29.81	$	164,134
USD:HKD (Note 1)		172,188	7.81		5,132,924
USD:AUD (Note 1)		8,813	1.28		262,716
USD:RMB (Note 1)		340,093	6.53		10,138,172
RMB:HKD (Note 1)		9,393	1.20		42,853

	December 31, 2016				
		Foreign currency amount (In thousands) (Note 2)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	198,058	32.30	$	6,397,273
USD:HKD (Note 1)		123,346	7.75		3,984,153
USD:AUD (Note 1)		4,779	1.39		154,358
Non-monetary items					
INR:USD (Note 1)	$	7,367,343	0.0147	$	3,498,088
THB:USD (Note 1)		975,948	0.0286		901,561
Financial liabilities					
Monetary items					
USD:NTD	$	71,879	32.30	$	2,321,685
USD:HKD (Note 1)		166,392	7.75		5,374,552
USD:AUD (Note 1)		4,397	1.39		142,019
USD:RMB (Note 1)		312,781	6.93		10,099,654

Note 1: The functional currencies of certain consolidated entities are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into

consideration.

Note 2: Including transactions within the Group which are eliminated for preparation of the consolidated financial statements.

iv. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2017 and 2016, amounted to $410,159 and ($700,965), respectively.

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

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 30,126	$ -
USD:HKD (Note)	1%	42,830	-
USD:AUD (Note)	1%	4,322	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 1,641	$ -
USD:HKD (Note)	1%	51,329	-
USD:AUD (Note)	1%	2,627	-
USD:RMB (Note)	1%	101,382	-
RMB:HKD (Note)	1%	429	-

	Year ended December 31, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 63,973	$ -
USD:HKD (Note)	1%	39,842	-
USD:AUD (Note)	1%	1,544	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 23,217	$ -
USD:HKD (Note)	1%	53,746	-
USD:AUD (Note)	1%	1,420	-
USD:RMB (Note)	1%	100,997	-

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting.

For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2017 and 2016 would have increased/decreased by $6,093 and $5,342, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $14,004 and $15,574, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Group's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2017 and 2016, the Group's borrowings at variable rate were denominated in the NTD, USD and AUD.

ii. At December 31, 2017 and 2016, if interest rates on borrowings had been 1% higher with all other variables held constant, post-tax profit for the years ended December 31, 2017 and 2016 would have been $9,230 and $6,227 lower, respectively, mainly as a result of higher borrowing interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

ii. For the years ended December 31, 2017 and 2016, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The credit quality information of financial assets that are neither past due nor impaired is provided in Note 6 (6).

iv. The ageing analysis of financial assets that were past due but not impaired is provided in Note 6 (6).

v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities as follows:

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 36,115,932	$ -	$ -	$ 36,115,932
Short-term notes and bills payable	8,581,266	-	-	8,581,266
Notes payable (including related parties)	3,268,307	-	-	3,268,307
Accounts payable (including related parties)	34,560,125	6,113	8,267	34,574,505
Other payables (including related parties)	7,280,459	5,697	6,116	7,292,272
Deposits received	-	140,157	-	140,157

Non-derivative financial liabilities: December 31, 2016	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 38,714,455	$ -	$ -	$ 38,714,455
Short-term notes and bills payable	5,422,551	-	-	5,422,551
Notes payable (including related parties)	1,564,010	-	-	1,564,010
Accounts payable (including related parties)	29,514,212	21,767	4,653	29,540,632
Other payables (including related parties)	6,726,615	10,878	15,502	6,752,995
Deposits received	-	138,333	-	138,333

Derivative financial liabilities: December 31, 2017	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ 645	$ -	$ -	$ 645

Derivative financial liabilities: December 31, 2016	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ -	$ -	$ -	$ -

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(12).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in unlisted stocks and derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2017 and 2016 is as follows:

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 609,254	$ -	$ -	$ 609,254
Available-for-sale financial assets				
Equity securities	1,235,510	56,029	108,891	1,400,430
Total	$ 1,844,764	$ 56,029	$ 108,891	$ 2,009,684
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 645	$ -	$ 645

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 534,086	$ -	$ -	$ 534,086
Forward exchange contracts	-	92	-	92
Available-for-sale financial assets				
Equity securities	1,393,984	56,029	107,403	1,557,416
Total	$ 1,928,070	$ 56,121	$ 107,403	$ 2,091,594
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ -	$ -	$ -

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) For the instruments the Group used market quoted prices as their fair values (that is, Level 1), listed shares use closing price at the balance sheet date.

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

(c) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

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

(e) Forward exchange contracts are usually valued based on the current forward exchange rate.

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

E. For the years ended December 31, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2017 and 2016:

	2017	2016
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 107,404	$ 88,630
Losses recognised in profit or loss	-	(40,000)
Gains and losses recognised in other comprehensive income (Note)	1,486	58,774
At December 31	$ 108,890	$ 107,404

Note: Shown as unrealised gain (loss) on available-for-sale financial assets.

G. The Group acquired Bestcom Infotech Corp. which was classified as Level 3 through a merger launched on April 7, 2016. Hence, there was no transfer into or out from Level 3 for the year ended December 31, 2017.

H. Financial quality management segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 108,890	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 107,404	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ -	$ -	$ 10,889	($ 10,889)

			December 31, 2016			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ -	$ -	$ 10,740	($ 10,740)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

The Group is primarily engaged in the sale of communication, computers and computer peripherals, electronic components and consumer electronic products. The Group operates business by geographic areas. The Board of Directors and management team set up operating strategies and allocate resources based on the operating performance of each area of sales.

(2) Measurement of segment information

The accounting policies of operating segments are the same as those in Note 4. The Chief Operating Decision-Maker assesses the performance of operating segments based on operating income (loss).

(3) Information about segments

The segment information provided to the Chief Operating Decision-Maker for the reportable segments for the years ended December 31, 2017 and 2016 was as follows:

Year ended December 31, 2017

	Taiwan	Hong Kong/China	Australia and New Zealand/Indonesia	Reconciliation	Total
Revenue from external customers	$ 60,229,109	$ 229,592,881	$ 74,385,887	$ -	$ 364,207,877
Inter-segment revenue	3,085,790	66,652,005	59,518	(69,797,313)	-
Segment revenue	$ 63,314,899	$ 296,244,886	$ 74,445,405	($ 69,797,313)	$ 364,207,877
Segment profit	$ 559,441	$ 2,677,909	$ 1,694,214	$ -	$ 4,931,564
Segment profit, including depreciation	$ 104,086	$ 148,507	$ 88,243	$ -	$ 340,836
Segment assets	$ 21,610,827	$ 90,220,593	$ 26,969,848	$ -	$ 138,801,268

Year ended December 31, 2016

	Taiwan	Hong Kong/China	Australia and New Zealand/Indonesia	Reconciliation	Total
Revenue from external customers	$ 57,162,715	$ 213,537,633	$ 71,996,105	$ -	$ 342,696,453
Inter-segment revenue	2,693,842	33,355,487	160,157	(36,209,486)	-
Segment revenue	$ 59,856,557	$ 246,893,120	$ 72,156,262	($ 36,209,486)	$ 342,696,453
Segment profit	$ 744,810	$ 2,011,641	$ 1,512,781	$ -	$ 4,269,232
Segment profit, including depreciation	$ 111,681	$ 154,990	$ 80,590	$ -	$ 347,261
Segment assets	$ 21,859,504	$ 80,802,246	$ 25,169,420	$ -	$ 127,831,170

Note: Consolidated liabilities are not disclosed because it is not provided to the Chief Operating Decision-Maker.

(4) Reconciliation for segment income (loss)

A. The operating income (loss) of each area reported to the Chief Operating Decision-Maker is measured in a manner consistent with revenues and expenses in the statement of comprehensive income.

A reconciliation of reportable segment profit to the income before income tax for the years ended December 31, 2017 and 2016 is provided as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
Reportable segment profit	$ 4,931,564	$ 4,269,232
Total non-operating revenue and expenses	2,947,774	1,456,245
Income before income tax	$ 7,879,338	$ 5,725,477

B. The amounts provided to the Chief Operating Decision-Maker with respect to total assets are measured in a manner consistent with that of the financial statements. The reconciliation and offset of the reportable segments' assets are provided in Note 14(3).

(5) Information on products and services

		Year ended December 31, 2017		Year ended December 31, 2016
Product revenue	$	363,386,722	$	342,085,713
Others		821,155		610,740
Total	$	364,207,877	$	342,696,453

(6) Geographical information

The external revenue is grouped according to the locations of the customers, and the non-current assets are grouped according to the locations of the non-current assets. Breakdown of revenue and non-current assets by geographic area is as follows:

	Years ended December 31,							
	2017				2016			
		Revenue		Non-current assets		Revenue		Non-current assets
Taiwan	$	60,229,109	$	1,491,833	$	57,162,715	$	1,543,314
China and Hong Kong		229,592,881		6,379,135		213,537,633		6,461,041
Australia, New Zealand and Indonesia		74,385,887		1,710,108		71,996,105		1,738,126
Total	$	364,207,877	$	9,581,076	$	342,696,453	$	9,742,481

(7) Major customer information

In 2017 and 2016, no single customer accounted for more than 10% of net operating revenue. Accordingly, no major customer information is presented.