Stock Code: 2347

Synnex Technology International Corporation

2018 Consolidated Annual Report

(The contents of this annual report shall be subject to the consolidated information unless otherwise stated)

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mops.twse.com.tw

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Hong Kong Branch
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(852) 2846-1888

Linkou logistics center
No. 15, Dinghu 9th St., Guishan Dist., Taoyuan City
(03) 328-9201

Taichung logistics center (Taichung Branch)
No. 35, Gongyequ 24th Rd., Nantun Dist., Taichung City
(04) 2350-3456

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

Australia logistics centers
Melbourne, Sydney

Indonesia logistics center
Jakarta

Common Stock Transfer Agency
CTBC Bank Co., Ltd. Transfer Agency Department
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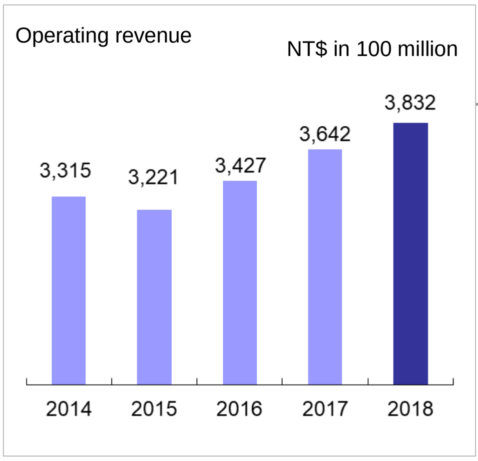
Global Depositary Receipts (GDR) Stock Exchange
Luxembourg Stock Exchange
For GDR trading information, please contact the London Stock Exchange.
(website: www.londonstockexchange.com
symbol: SYXZF.)

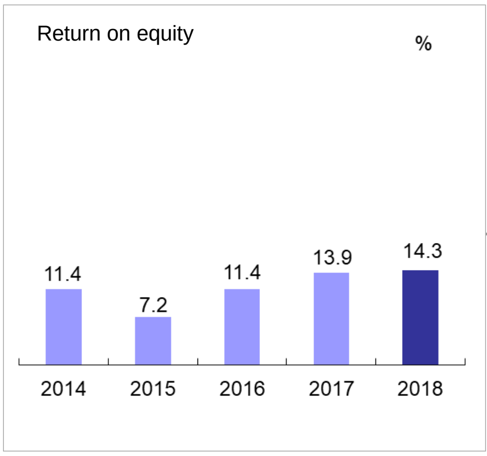
SYNNEX 聯強國際
www.synnex-grp.com

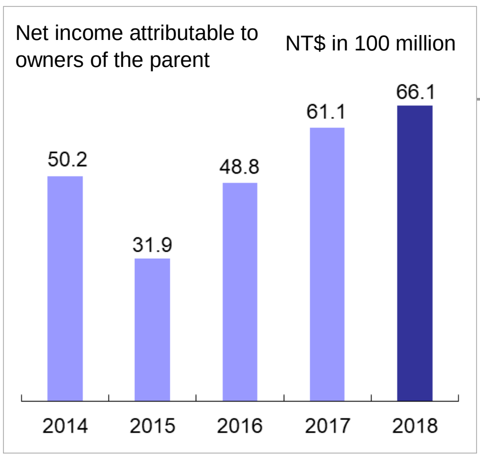
2018 Consolidated Financial Performance

Unit: NTD

Item/Year	2017	2018	Net change (%)
Operating revenue (in 100 million)	3,642	3,832	5.2
Pre-tax profit (in 100 million)	78.8	79.8	1.3
Net income attributable to owners of the parent (in 100 million)	61.1	66.1	8.2
EPS (after retrospective adjustment) (NT$)	3.67	3.96	7.9
Gross profit margin (%)	3.5	3.8	8.6
Operating expense ratio (%)	2.2	2.4	9.1
Operating profit margin (%)	1.4	1.4	-
Return on equity (ROE) (%)	13.9	14.3	2.9
Average collection days	53	54	1.9
Inventory turnover (days)	37	39	5.4
Average payment turnover days	36	38	5.5







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Letter to Shareholders

Dear Shareholders,

The year 2018 coincided with the 30th anniversary of the founding of Synnex. In the past 30 years, Synnex's annual revenue has increased from NT$3 billion to NT$383.2 billion, and annual profit has increased from NT$70 million to a peak of NT$7.2 billion (2011). At the same time, the company has won the Benchmark Enterprise Award for 12 consecutive years and the Global Brands Award for 16 consecutive years. Synnex's management experience has been chosen as an MBA lesson plan by a well-known international business school.

In the past 30 years, changes in the industry brought about perpetual internal and external challenges. However, Synnex has taken root and adopted the strategy of diversified operations of core businesses. From components, information technology, and telecom to consumer electronics, Synnex has continuously expanded its product categories and channel types. The expansion is like a stagecoach that never stops, running from Taiwan to the world.

While actively deploying global channels, a solid logistics operation mechanism is essential to maintain steady growth and prevent chaos. For this, Synnex established a group operation management structure. Since 2005, Synnex has gradually established seven management divisions, namely finance, business planning, logistics, risk, human resources, business administration, and technical service planning, at the headquarters of the Group that are responsible for the policy system planning and control of operational quality of each operations function of the Group. The company also integrated five major centers, including software development, information and communication network, financing control, group accounting, and property management, to build the group infrastructure. The seven management divisions combine with the five major operation centers to form the central nervous system of group operation management.

In the past 30 years, Synnex has successfully built the largest channel business in the Asia-Pacific region and the third largest in the world. This is the shared glory of all shareholders and Synnex's management team and employees. I sincerely thank all the shareholders for your long-term support and hope that you will continue to drive and encourage us in the future!

Below are the key operational highlights of 2018:

1. **Revenue and profit**
   Synnex's 2018 consolidated revenue was NT$383.2 billion, representing 5.2% growth from the NT$364.2 billion in 2017. The net profit after tax was NT$6.61 billion, which is an increase of 8.2% from the NT$6.11 billion in 2017. The EPS after tax was NT$3.96, which is up 7.9% from the NT$3.67 in 2017.

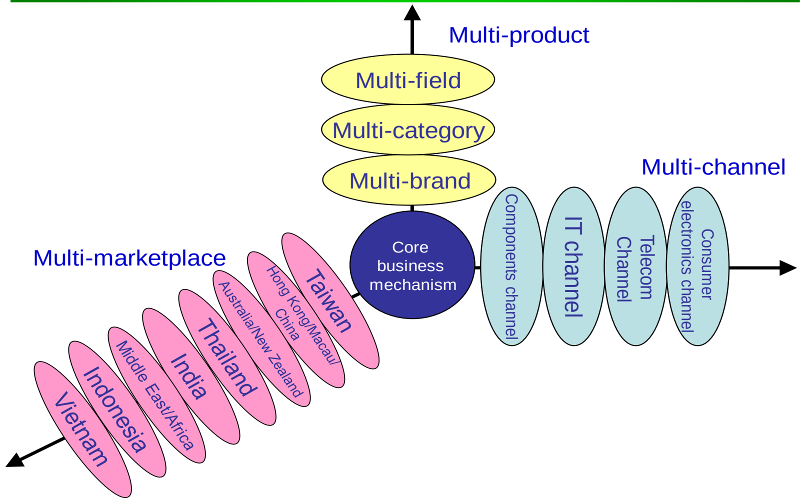
2. **Concrete operating results**
   (1) The operation scale of Synnex's global channel businesses (including joint venture business) reached NT$1.24 trillion, continuing the expansion of the economies of scale.
   (2) Combined upstream and downstream manufacturers, integrated and constructed the ecosystem of the Internet of Things (IoT), and successfully began businesses related to IoT.
   (3) All business units started comprehensive cloud service businesses, completed the operational mechanism adjustment, and achieved initial operational scale.
   (4) Successfully entered the e-sport market, set up a complete product line, and established another new business with an annual operating scale at the 10 billion level.
   (5) With the concept of smart living as the focus, introduced products such as drones, vacuum robots, and window cleaners to accelerate the expansion of consumer electronics.
   (6) Completed the establishment of the Group's technical service resource integration and operation management structure, laying a solid foundation for accelerating the growth of the technical service business.
   (7) Established the "AI Smart Lab" and actively developed the artificial intelligence decision management mechanism, which has been smoothly introduced into the management of cargo flow and accounts receivable risks.

The important production and marketing policies for 2019 are as follows:

1. Increase business in the e-sport market, smart living market, IoT business, cloud service business, technical services business, and intelligent logistics business to create new momentum for the growth of the Group's businesses.
2. Accelerate research, development, and introduction of AI, and expand its application to the company's internal operations management.
3. Implement the Agility Project of internal operations to keep the good and reject the bad, reduce losses, and strengthen risk control.
4. Continuously invest in the R&D and innovation of the operations mechanism and management technology, deeply plant the company's core ability.

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

Business and development strategy



Impact of external competitive environment, regulatory environment, and macroeconomic environment

Regarding the external competitive environment, the market has been constantly changing and the service model has been diversified in recent years. However, the company has been continuously researching and developing an innovative business model, and realizing business analysis and quality management in response to the changing market environment.

In terms of the regulatory environment, the company has always paid close attention to and grasped important domestic and foreign policies and regulations that may affect the company's finances and business, and adopted appropriate contingency measures to safeguard the company's interests. Among them, for the issuance of important regulations by the IFRS, the company has dedicated staff and consults with professional accountants to ensure the effective compliance with accounting standards. Moreover, 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 local laws and regulations.

In terms of the macro-economic environment, the company has a large-scale business operation in Mainland China. Although there are some uncertainties in cross-strait relations, the impact on the channel business operation is relatively small. The company's market development strategy is to operate in multinational markets, which will allow the company to expand the market and reduce business risks arising from operating in a single country.

We thank our shareholders for their support and encouragement in the past and hope that in the new year, our shareholders will continue to give us guidance and support. With consistent business philosophy and innovation, the management team is committed to achieving excellent results and sharing them with everyone.

Best regards,

Matthew Feng-Chiang Miau	**Evans S.W. Tu**
Chairman	President

Company Overview

Company Overview

I. Company profile

(1) Company history

Date of Establishment: September 12, 1988

Year	Milestones
1988	▪ Synnex was established with authorized capital of NT$200 million, and Matthew Feng-Chiang Miau served as Chairman and Evans S.W. Tu served as President ▪ MIS operations reached real-time requirement
1989	▪ Established LEMEL brand ▪ NT$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 of IT and Telecom channel business, determined to adopt "open channel" operation, first initiating 3-in-1 operation model of sales, distribution, and maintenance
1991	▪ The computer material management system won the "The 1st outstanding information application awards" that conferred by the 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 the Taipei region
1993	▪ Linkou logistics center officially opened ▪ Established logistics delivery fleet in central and south regions to provide rapid delivery services to customers in south and central regions ▪ 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 and became the first listed distributor in Taiwan
1996	▪ Excellent operational performance caused the largest increase in stock price in 362 listed companies in the first half year
1997	▪ Provide rapid maintenance services of "repair tonight, retrieve the day after tomorrow" to customers ▪ Telecom resellers reached 3000 ▪ Acquired and merged 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 PCs completed, it is the first tailor made real time production line of PCs for customers in Taiwan ▪ Established Australian subsidiary to expand reach to Australian market
1999	▪ Established "cellular phone rapid repair center" throughout Taiwan to provide customers with "30-minute cellular phone repair services" ▪ Acquired and merged Compex Ltd. (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 telecom business has exceeded NT$10 billion and became one of the three major businesses of Synnex along with the information and electronics components businesses
2000	▪ Provide customers with "cellular phone 2-year warranty" services ▪ The 3rd warehouse in Linkou logistics center completed and started operation; it is an automated warehouse ▪ Launched "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 (approx. 24,131.61 square meters) completed and began operations; its logistics capacity is 1.3 times that of the Linkou logistics center ▪ The 5,200 ping (approx. 17,189.64 square meters) logistics center in Australia officially began operations ▪ With "cellular phone rapid repair 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 logistic service provider (LSP) business

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Year	Milestones
2002	▪ The 2,700 ping (approx. 8,925.39 square meters) logistics center in Thailand began operations ▪ The annual visitors of "Synnex e-City" reached 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 introduced CTO production mechanism to provide customers with customized PC services ▪ Conducted large-scale brand marketing with the outstanding services of Synnex products ▪ The consolidated turnover has exceeded NT$100 billion, reaching NT$108.2 billion
2004	▪ Acquired and merged Yongkang Enterprises and Teampo Tech Co., Ltd. to expand components and parts business scale ▪ Acquired shares in India's Redington Group to expand its reach to India, the Middle-East, and Africa; the global distribution channel layout has been formed
2005	▪ Shanghai logistics center began operations ▪ Established New Zealand subsidiary
2006	▪ The operation of Linkou logistics center, warehouse E, was officially launched; it has doubled the operation capacity ▪ Established consumer electronics business department, which is another core business after components, IT, and Telecom
2007	▪ Obtained Nokia cellular phone's exclusive distribution rights in the China region, officially opening the overseas market for telecom business ▪ Thailand logistics center introduced automated warehousing operations
2008	▪ Plans to establish logistics center in China has been developed smoothly; the establishment of Shanghai 2nd phase, Chengdu, Nanjing, and Beijing logistics center has been activated. ▪ Components and parts business has competed the comprehensive update of computer systems; the operation efficiency of components has been enhanced
2009	▪ Synnex logistics centers in Nanjing, Chengdu, and Beijing officially began operations ▪ Consolidated turnover has exceeded NT$200 billion, reaching NT$220.7 billion
2010	▪ Shengyang, Tianjin, and Hangzhou logistics centers officially began operations ▪ India's Redington Group acquired stakes in Turkey's second largest information distributor Arena, officially entering the Turkish market and opening the door to east Europe ▪ Set up a joint venture with Indonesia's largest computer group ME; Synnex has officially established its presence in the Indonesian market and marks another foray in Asia's emerging market
2011	▪ Xian and Qingdao City logistics centers officially began operations ▪ Consolidated turnover has exceeded NT$300 billion, reaching NT$312.6 billion
2012	▪ Suzhou, Guangzhou, Wuhan, and Zhengzhou logistics centers officially began operations ▪ A comprehensive computer system update was completed in Australia to enhance effectiveness of operational management
2013	▪ The consolidated revenue reached record high at NT$330.3 billion
2014	▪ Sydney (Australia) logistics center officially began operations ▪ Hefei (China) logistics center officially began operations ▪ Xiamen (China) logistics center began operations
2015	▪ Nanchang (China) logistics center officially began operations ▪ Jinan (China) logistics center officially began operations ▪ Harbin (China) logistics center began operations
2016	▪ Changsha (China) logistics center officially began operations ▪ Ningbo (China) logistics center officially began operations ▪ Acquisition of BestCom Infotech Corporation was completed to enhance its future revenues, technical services, and business opportunities for the commercial network brand distribution ▪ Synlogics Service Corp. was established to expand the logistics business
2017	▪ Established Synnex FPT and officially entered the Vietnam market through a strategic partnership with the biggest ICT integrator FPT Corporation ▪ Invested in the construction of Indonesia logistics center
2018	▪ Synnex's joint venture, Synnex Corp. US, announced the acquisition of Convergys for US$2.43 billion, becoming the world's second largest CRM BPO professional services company.
2019	▪ Synnex Metrodata Indonesia Jakarta logistics center officially began operations.

(2) Awards and recognitions

Year	Awards
1991	▪ The computer material management system won the "The 1st outstanding information application awards" that conferred by the Institute for Information Industry and accredited by all panel of judges
1998	▪ Both Matthew Feng-Chiang Miau and 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	▪ One of 15 companies to be selected for 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 Businessweek magazine ▪ Computer Weekly reported that Synnex is considered by 3C retailers to be the best channel distributor
2003	▪ Ranked by Interbrand as "Taiwan Top 10 Global Brands"; of the 10 brands, Synnex is the only brand in the service sector ▪ Selected by industry, official, and university professionals who were invited by CommonWealth Magazine and Accenture for the "Outstanding Service Award" ▪ 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 Businessweek magazine ▪ Ranked by Business Weekly as the 2002 largest IT/Telecom/IC channel 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 "Taiwan Top 10 Global Brands" by Interbrand ▪ Ranked #11 among 500 service companies listing in CommonWealth Magazine 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 Business Weekly in Taiwan in 2005 ▪ Ranked #7 among 500 service companies listing in CommonWealth Magazine 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 China by 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 among electronics distributors and #73 among Top 1000 Cross-Strait Listing 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 among 500 service companies listing in CommonWealth Magazine in Taiwan in 2007 ▪ 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 among Taiwan's top 500 service companies in CommonWealth Magazine in 2008 ▪ Named by CommonWealth Magazine as "Most Admired Company" in 2008 for the seventh consecutive year ▪ Ranked #8 in "Investor Satisfaction" among "Taiwan Technology Best 100 Companies" by Business Next in 2008

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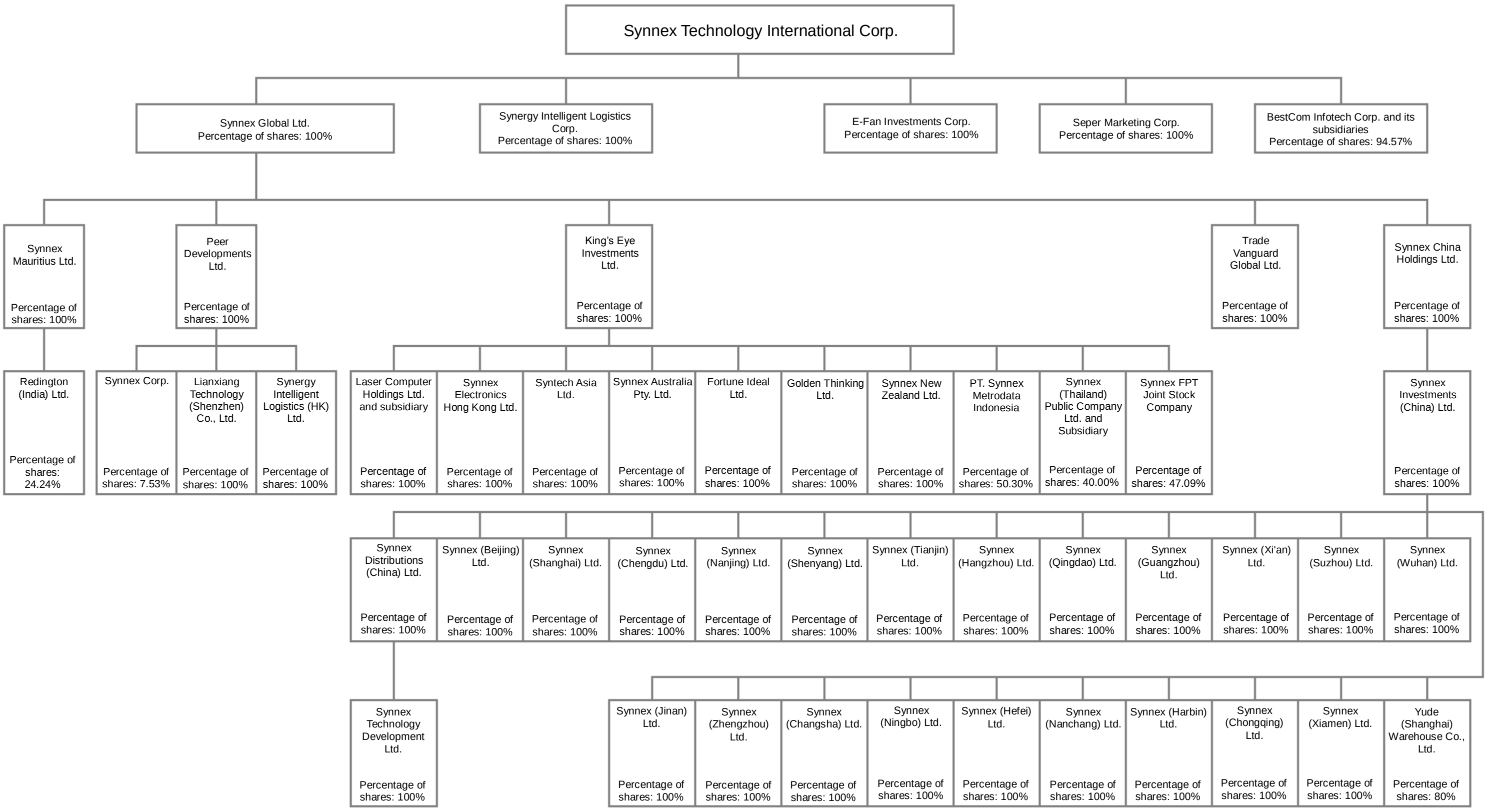
Year	Awards
2010	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand ▪ Named by CommonWealth Magazine as "Most Admired Company" in 2010 for the eighth consecutive year ▪ Ranked #6 in a 2009 survey of Taiwan's top 500 service companies carried out by CommonWealth Magazine; while ranked #1 in IT, Telecom, 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 compared with 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 US$317 million ▪ Awarded with the "Taiwan's 100 major brands" by the Ministry of Economic Affairs ▪ Named by CommonWealth Magazine as "Most Admired Company" in 2011 for the ninth consecutive year ▪ Ranked #6 in a 2011 survey of Taiwan's top 500 service companies carried out by CommonWealth Magazine
2012	▪ Ranked #8 in "Taiwan Top Global Brands" by Interbrand with a brand value of US$339 million ▪ Named by CommonWealth Magazine as "Most Admired Company" in 2012 for the tenth consecutive year ▪ Ranked #6 among Taiwan's top 500 service companies in 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 US$345 million ▪ Named by CommonWealth Magazine as "Most Admired Company" in 2013 for the 11th consecutive year ▪ Ranked by CommonWealth Magazine as 6th within service industry in the top 2000 companies in 2013
2014	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value of US$345 million ▪ Named by CommonWealth Magazine as "Most Admired Company" in 2014 for the 12th consecutive year ▪ Ranked by CommonWealth Magazine as 6th within service industry in the top 2000 companies in 2014
2015	▪ Ranked #11 in "Taiwan Top Global Brands" by Interbrand with a Brand of US$337 million ▪ Ranked by CommonWealth Magazine as 5th within service industry in the top 2000 companies in 2015
2016	▪ Evans S.W. Tu was chosen as a "Taiwan Top 50 Best-Performing CEOs" by the Harvard Business Review ▪ The only channel service brand to win the "Taiwan Best 20 Global Brands" for 14 consecutive years with a brand value of US$309 million ▪ Ranked by CommonWealth Magazine as 4th within service industry in the top 2000 companies in 2016
2017	▪ The only channel service brand to win the "Taiwan Best 20 Global Brands" for 15 consecutive years with a brand value of US$293 million ▪ Ranked by CommonWealth Magazine as 4th within service industry in the top 2000 companies in 2017
2018	▪ The only channel service brand to win the "Taiwan Best 20 Global Brands" for 16 consecutive years with a brand value that increases 4% YoY ▪ Evans S.W. Tu ranked 7th among the "Taiwan Top 50 Best-Performing CEOs" by the Harvard Business Review

II. Corporate Governance Report

(1) Organization

- **Group structure 2018.12.31**



Basic information of group companies

2018.12.31 Unit: thousand

Company name	Date of establishment	Location	Capital		Main businesses or production items
Seper Marketing Corp.	1990.02.23	Taipei City	NTD	1,000	Sales of IT and Telecom products in Taiwan
E-Fan Investments Corp.	2001.06.28	Taipei City	NTD	225,000	Investment company
Synergy Intelligent Logistics Corp.	2016.10.17	Taipei City	NTD	50,000	Provision of warehousing and distribution services in Taiwan
BestCom Infotech Corp. and its subsidiaries	1987.01.13	Taipei City	NTD	976,033	Sales of IT products in Taiwan
Synnex Global Ltd.	1996.12.27	British Virgin Islands	USD	548,250	Investment holding company
Synnex Mauritius Ltd.	2004.12.02	Mauritius	USD	24,000	Investment holding company
Peer Developments Ltd.	1996.12.27	British Virgin Islands	USD	30,200	Investment holding company
Synnex China Holdings Ltd.	2002.07.19	British Virgin Islands	USD	100,200	Investment holding company
King's Eye Investments Ltd.	1997.01.23	British Virgin Islands	USD	62,477	Investment holding company
Trade Vanguard Global Ltd.	2014.04.15	British Virgin Islands	USD	313,500	Investment holding company
Lianxiang Technology (Shenzhen) Co., Ltd.	2011.05.26	Shenzhen, China	USD	200	Sales of IC component products in China
Synnex Investments (China) Ltd.	2007.11.05	Shanghai, China	USD	200,000	Investment holding company in China
Synnex (Beijing) Ltd.	2002.10.11	Beijing, China	USD	9,000	Sales of IT and Telecom products in China
Synnex (Shanghai) Ltd.	2002.10.15	Shanghai, China	USD	22,000	Sales of IT and Telecom products in China
Synnex Distributions (China) Ltd.	2005.11.25	Shanghai, China	USD	230,000	Sales of IT and Telecom products in China
Synnex (Chengdu) Ltd.	2006.11.06	Chengdu, China	USD	5,000	Sales of IT and Telecom products in China
Synnex (Nanjing) Ltd.	2006.12.20	Nanjing, China	USD	5,000	Sales of IT and Telecom products in China
Synnex (Shenyang) Ltd.	2008.08.19	Shengyang, China	USD	3,000	Sales of IT and Telecom products in China
Synnex (Tianjin) Ltd.	2009.04.21	Tianjin, China	USD	4,500	Sales of IT and Telecom products in China
Synnex (Hangzhou) Ltd.	2009.11.25	Hangzhou, China	USD	5,000	Sales of IT and Telecom products in China
Synnex (Qingdao) Ltd.	2010.03.04	Qingdao, China	USD	5,000	Sales of IT and Telecom products in China
Synnex (Guangzhou) Ltd.	2010.03.18	Guangzhou, China	USD	12,000	Sales of IT and Telecom products in China
Synnex (Xi'an) Ltd.	2010.03.24	Xi'an, China	USD	4,000	Sales of IT and Telecom products in China
Synnex (Suzhou) Ltd.	2010.06.17	Suzhou, China	USD	6,000	Sales of IT and Telecom products in China
Synnex (Wuhan) Ltd.	2010.12.08	Wuhan, China	USD	5,000	Sales of IT and Telecom products in China
Synnex (Jinan) Ltd.	2010.12.06	Jinan, China	USD	5,000	Sales of IT and Telecom products in China
Synnex (Zhengzhou) Ltd.	2011.01.07	Zhengzhou, China	USD	5,000	Sales of IT and Telecom products in China
Synnex (Changsha) Ltd.	2011.03.23	Changsha, China	USD	4,000	Sales of IT and Telecom products in China
Synnex (Ningbo) Ltd.	2011.06.15	Ningbo, China	USD	4,000	Sales of IT and Telecom products in China
Synnex (Hefei) Ltd.	2011.07.15	Hefei, China	USD	6,100	Sales of IT and Telecom products in China
Synnex (Nanchang) Ltd.	2011.08.24	Nanchang, China	USD	4,000	Sales of IT and Telecom products in China
Synnex (Harbin) Ltd.	2012.03.26	Harbin, China	USD	5,000	Sales of IT and Telecom products in China
Synnex (Chongqing) Ltd.	2012.05.09	Chongqing China	USD	600	Sales of IT and Telecom products in China
Synnex (Xiamen) Ltd.	2012.05.07	Xiamen China	USD	6,000	Sales of IT and Telecom products in China
Yude (Shanghai) Warehouse Co., Ltd.	2012.06.18	Shanghai, China	RMB	2,400	Provision of warehousing services in China
Synnex Technology Development Ltd.	2007.12.06	Beijing, China	RMB	50,000	Sales of IT and Telecom products in China
Laser Computer Holding Ltd. and subsidiary	2001.09.06	British Virgin Islands	USD	36,850	Sales of IT and Telecom products in Hong Kong/China
Synergy Intelligent Logistics (HK) Ltd.	2017.07.05	Hong Kong	HKD	100	Provision of warehousing and distribution services in Hong Kong

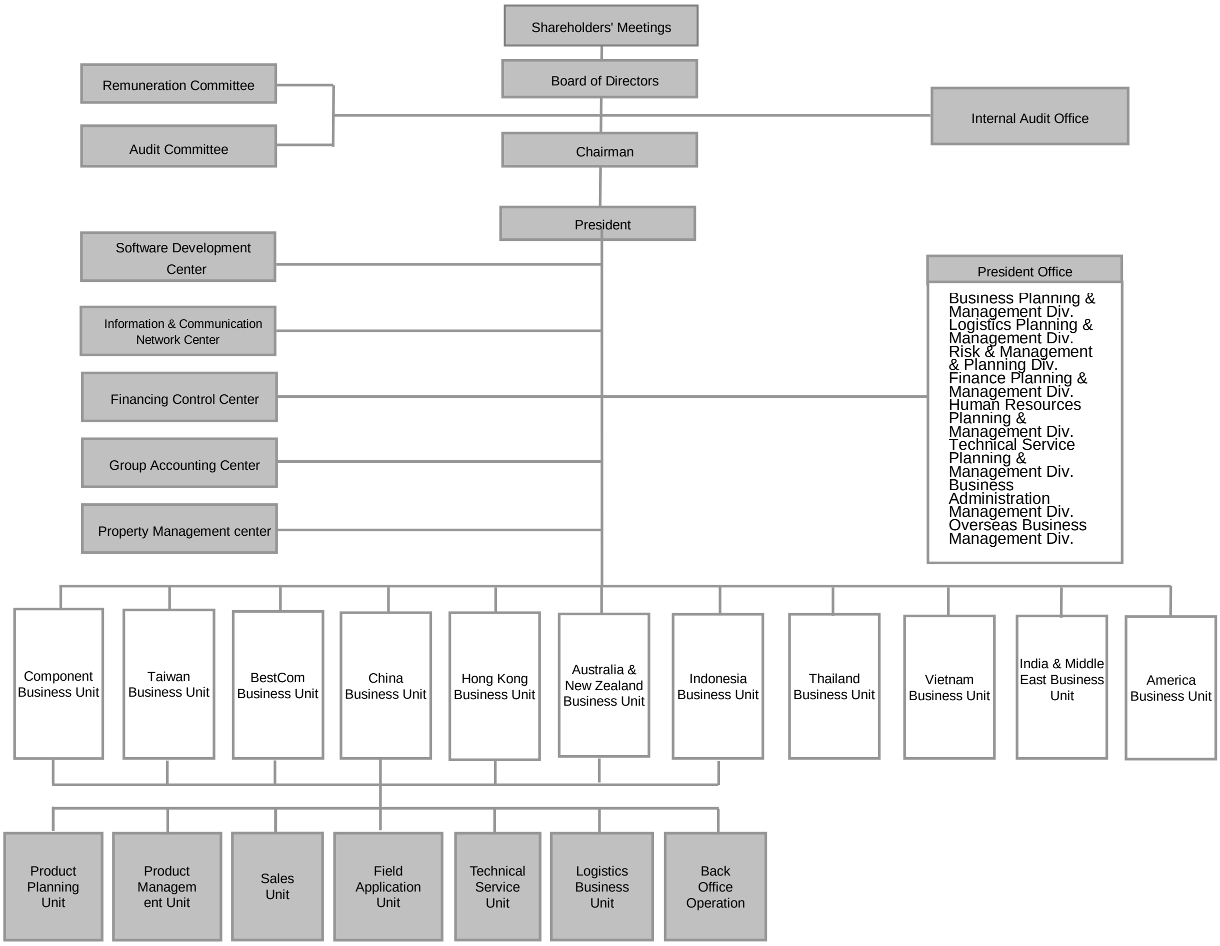
Basic information of group companies

2018.12.31 Unit: thousand

Company name	Date of establishment	Location	Capital		Main businesses or production items
Synnex Electronics Hong Kong Ltd.	1993.09.09	Hong Kong	USD	300	Sales of IC component products in Hong Kong/China
Syntech Asia Ltd.	2011.03.11	Hong Kong	USD	300	Sales of IC component products in Hong Kong/China
Synnex Australia Pty. Ltd.	1991.06.06	Australia	AUS	33,250	Sales of IT and Telecom products in Australia
Fortune Ideal Ltd.	2000.09.04	Hong Kong	HKD	14,500	Owns the Melbourne, Australia logistics center
Golden Thinking Ltd.	2010.02.19	Hong Kong	HKD	28,000	Holding the Sydney, Australia logistics center
Synnex New Zealand Ltd.	2005.07.18	New Zealand	NZD	1,500	Sales of IT and Telecom products in New Zealand
PT. Synnex Metrodata Indonesia	2000.05.23	Indonesia	IDR	300,000,000	Sales of IT and Telecom products in Southeast Asia
Synnex (Thailand) Public Company Ltd. and Subsidiary*	1988	Thailand	THB	770,329	Sales of IT and Telecom products in Thailand
Redington (India) Ltd.*	1961	India	INR	778,163	Sales of IT and Telecom products in India, the Middle East, and Africa
Synnex Corporation*	1980	USA	USD	53	Sales of IT products in Europe, the US, and Japan
Synnex FPT Joint Stock Company*	2009	Vietnam	VND	1,188,400,000	Sales of IT and Telecom products in Vietnam

* Adopt equity-accounted investments.

● Organization and responsibility



Description of responsibilities

Board of Directors

Internal Audit Office: Evaluate and improve the effectiveness 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 bonuses 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

Business Planning & Management Div.: Responsible for overall business operation planning, management analysis, and process planning.
Logistics Planning & Management Div.: Responsible for overall logistics operation planning, management analysis, and process planning.
Risk & Management & Planning Div.: Responsible for the overall accounting and legal system development, planning, and management.
Finance Planning & Management Div.: Responsible for overall financial analysis, planning, and management.
Human Resources Planning & Management Div.: Responsible for development, planning, and training of overall human resources.
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 computers and communication equipment.

Financing Control Center: Responsible for managing the Group's finances.
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 logistics centers as well as property management.
Product Planning Unit: Responsible for formulation and implementation of products' operational strategies.
Product Management Unit: Responsible for planning and implementation of products' purchase, sales, and inventory strategies.
Sales Unit: Responsible for product sales.

Field Application Unit: Responsible for pre-sale services for product R&D and technology application support.
Technical Service Unit: 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
Account management: Responsible for accounts receivable management and credit collection processing.

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

(2) Information on Directors, President, Vice-Presidents, Assistant Vice-Presidents, and Department and Branch Directors

● Information of Directors

2019.04.08

Title Name	Gender	Nationality or place of registration	Date elected	Tenure (Year)	First elected date	Shares held during election		Current shareholding		Current shares held by spouse and minor children		Shareholding by nominee arrangement		Remarks
						Shares	%	Shares	%	Shares	%	Shares	%	
Chairman/Matthew Feng-Chiang Miau	Male	USA	2018.6.12	3	1988.9.1	30,417,147	1.91	28,452,004	1.71	-	-	-	-	
Director/Evans S.W. Tu	Male	ROC	2018.6.12	3	1988.9.1	34,434,649	2.17	36,156,381	2.17	1,587,245	0.10	-	-	
Director/Yang, Hsiang-Yun	Female	ROC	2018.6.12	3	2015.6.12	216,381,957*	13.62	240,827,054*	14.44	*	-	*	-	Representative of MiTAC Inc.
Director/Chou, T.C.	Male	ROC	2018.6.12	3	2015.6.12	216,381,957*	13.62	240,827,054*	14.44	*	-	*	-	Representative of MiTAC Inc.
Independent Director/Yungdu Wei	Male	ROC	2018.6.12	3	2012.6.13	-	-	-	-	-	-	-	-	
Independent Director/Yojun Jiao	Male	ROC	2018.6.12	3	2012.6.13	-	-	-	-	-	-	-	-	
Independent Director/Anping Chang	Male	ROC	2018.6.12	3	2012.6.13	-	-	-	-	-	-	-	-	

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

Title Name	Main experience and education		Other current positions within the Company		Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
					Title	Name	Relati-onship
Chairman Matthew Feng-Chiang Miau	MBA, Santa Clara University (USA)	Bachelor of Electrical Engineering, the University of California at Berkeley	Chairman of Synnex Technology International Corp. Chairman of Lien Hwa Industrial Corp. Chairman of UPC Technology Corp. Chairman of MiTAC Holdings Corp. Chairman of MiTAC Inc. Director of Getac Technology Corp. Director of MiTAC Information Technology Corp.	Director of BOC Lien Hwa Industrial Co. Ltd. Director of Synnex Corp. Independent Director of Cathay Financi Holdings Independent Director of Cathay Life Insurance Independent Director of Cathay Centur 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.	Bachelor's degree from the Department of Electrical and Control Engineering, National Chiao Tung University	President of Synnex Technology International Corp. Chairman of Seper Marketing Corp. Director of BestCom Infotech Corp	Director of Synergy Intelligent Logistics Corp. Supervisor of MiTAC Information Technology Corp. Supervisor of MiTAC Inc.	None	None	None
Director Yang, Hsiang-Yun	Special Assistant to Chairman of MiTAC International Corp. Chief Financial Officer of MiTAC International Corp.	National Taiwan University MBA	Chairman of Health Food Co., Ltd. Chairman of Lian-Yuan Investment Co., Ltd. Director of USI Investment Co., Ltd. Director of Tongda Investment Co., Ltd.	Director of Tsu Fung Investment Co., Lt Supervisor of MiTAC Inc. Supervisor of MiTAC Information Technology Corp. Supervisor of Waffer Technology Corp.	None	None	None

Title Name	Main experience and education		Other current positions within the Company		Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
					Title	Name	Relati-onship
Director Chou, T.C.	Investment Special Assistant to Chairman of MiTAC International Corp.	PhD of engineering, Rutgers, The State University of New Jersey	Director of MiTAC Information Technology Corp. Director of National Aerospace Fasteners Corporation Supervisor of MiTAC Inc.	Supervisor of Getac Technology Corp. Supervisor of Waffer Technology Corp. Supervisor of Intech Biopharm 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 Touche Tohmatsu	President and Honorary President of Deloitte Taiwan CPA of ROC CPA of Georgia, USA U.S. Internal Auditor	Chairman of Yongqin Industrial Company Director of MiTAC Holdings Corp. Director of Iron Force Industrial Co., Ltd. Independent Director of Far Eastern Department Stores Ltd. Director of Chilisin Electronics Corp.	Director of Vanguard International Semiconductor Corp. Supervisor of Jamicon Corporation Independent Director of Cathay Financial Holdings Independent Director of Cathay United Bank	None	None	None
Independent Director Yojun Jiao	Chairman of Walsin Lihwa Corp. Chairman and Remuneration Committee Member of Capella Microsystems Inc.	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 Technology Corp. Director of Walsin Lihwa Corp.	Director of Walsin Technology Corp. Independent Director of Taiwan Cement Corp. Supervisor of MiTAC Holdings Corp.	None	None	None
Independent Director Anping Chang	Chairman of Chia Hsin Cement Corp. Vice Chairman of Taiwan Cement Corp.	Master of Institute of Business Administration, New York University	Chairman of Taiwan Cement Corp. Chairman of Ho-Ping Power Company Chairman of Ta-Ho Maritime Corp. Chairman of E-one Moli Energy Corp.	Director of Taiwan Transport & Storage Co., Ltd Director of Chia Hsin R.M.C. Corporation Director of CTCI Managing Director of O-Bank Co., Ltd.	None	None	None

* Other than Evans S.W. Tu's brother, David Tu, who is appointed as the VP of Group Business Development and Strategy, the remaining directors and other executives or directors of the company do not have spouse or consanguineous to second degree relations.

Major shareholders of the corporate directors

2019.04.08

Name of corporate director	Major shareholders of the corporate directors*
MiTAC Inc.	LIEN HWA INDUSTRIAL CORP. 35.24% Synnex Technology International Corp. 18.36% MEI-AN INVESTMENT CORP. 10.54% MITAC INTERNATIONAL CORP. 8.69% TSU FUNG INVESTMENT CO., LTD. 5.35% MATTHEW FENG-CHIANG MIAU 3.05% HUA CHENG INVESTMENT CORP. 1.92% PAO SHIN INTERNATIONAL INVESTMENT CO., LTD. 1.18% YIH FONG INVESTMENT CORP. 0.75% HONG DING INVESTMENT CORP. 0.74%

* If the major shareholder is a legal person, then fill in the top ten shareholders, as detailed in the table below.

Major shareholders who are institutional directors and their major shareholders

2019.04.08

Name of major shareholders of the corporate directors	Major shareholders
Lien Hwa Industrial Corp.	UPC TECHNOLOGY CORP. 9.68% YIH YUAN INVESTMENT CORP. 9.14% YIH FONG INVESTMENT CORP. 4.86% JASON CHOW 3.32% MATTHEW FENG-CHIANG MIAU 3.19% JOHN MIAO 3.18% FENG-CHUAN MIAU 3.02% Y.S. EDUCATION FOUNDATION 3.00% LIEN HWA INDUSTRIAL CORP. STAFF WELFARE COMMITTEE 2.82% MITAC INTERNATIONAL CORP. 2.79%
MiTAC International Corp.	MITAC HOLDINGS CORP. 100%
Mei-An Investment Corp.	VISION QUEST OVERSEAS LTD. 82.25% JUMPSTART INVESTMENTS LTD. 16.67% OTHER 1.08%
Tsu Fung Investment Co., Ltd.	MITAC INTERNATIONAL CORP. 100%
Hua Cheng Investment Corp.	LIEN HWA INDUSTRIAL CORP. 100%
Pao Shin International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd. 100%
Yih Fong Investment Corp.	Heng Fu Co., Ltd. 100%
Hong Ding Investment Corp.	Ying-Jung Tu 41.88% Ying-Hsuan Tu 41.88% Evans S.W. Tu 8.55% Hai-Chen Tu 7.69%

- **Information of Directors**

Qualifications / Name	Has at least 5 years of work experience and satisfies the following professional qualifications			Compliance of independence*										Number of other Taiwanese public companies concurrently serving as an independent Director
	A lecturer or higher position in a Department of Commerce, Law, Finance, Accounting, or other academic department related to the business needs of the Company 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 been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	
Chairman Matthew Feng-Chiang Miau			V				V			V	V	V	V	4 (Note 2)
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	V		-
Independent Director Yungdu Wei		V	V	V	V	V	V	V	V	V	V	V	V	1 (Note 2)
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	-

Note 1: If the director meets any of the following criteria in the two years before being appointed or during the term of office, check "✓" in the corresponding boxes.

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

(2) Not a Director or Supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where 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% of the voting shares.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.

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

(5) Not a Director, Supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company or ranks as one of its top five shareholders.

(6) Not a Director, Supervisor, managerial officer, or a shareholder that holds more than 5% of shares at a company or institution that has financial or business exchanges with the Company.

(7) Not a professional person, business owner, partner, Director, Supervisor, or managerial officer any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the Company or any of its affiliated companies; nor a spouse of anyone listed herein.

(8) Not having a marital relationship, or a relative within the second degree of kinship to any other Director of the Company.

(9) Not been a person of any conditions defined in Article 30 of the Company Act.

(10) Not a governmental, juridical person or its representative as defined under Article 27 of the Company Act.

Note 2: Calculated according to Letter No. Financial-Supervisory-Securities-Investment-0960010070.

Information on President, Vice-Presidents, Assistant Vice-Presidents, and Department and Branch Directors

2019.04.08

Unit: Shares/%

Title Name	Gender	Nationality	Start Date *	Shares held **		Spouse and minor children Shares held **		Main experience and education	Services concurrently with other companies	Managerial officer who is a spouse or a relative within second degree		
				Shares	%	Shares	%			Title	Name	Relatio-nship
President Evans S.W. Tu	Male	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, National Chiao Tung University Bachelor's degree	Chairman of Seper Marketing Corp. Director of BestCom Infotech Corp. Director of Synergy Intelligent Logistics Corp. Director of Harbinger Venture Capital Supervisor of MiTAC Information Technology Corp. Supervisor of MiTAC Inc.	None	None	None
Vice-President Beny Weii	Male	ROC	1988. 9.12	1,854,216	0.11	128,194	0.01	Assistant Vice-President of Micro Electronics Corp. Manager of MiTAC Inc. Bachelor of Electronic Calculation, Tamkang University	Chairman of E-Fan Investments Corp. Director of Synergy Intelligent Logistics Corp.	None	None	None
Vice-President James Lee	Male	ROC	2011. 12.26	342,474	0.02	21,603	0.00	Bachelor of Electrical Engineering, National United University	-	None	None	None
Vice-President Rex Shiue	Male	ROC	2011. 12.26	383,787	0.02	-	-	Manager of Micro Electronics Corp. National Taiwan University of Science and Technology, Industrial Management Department Bachelor's degree	-	None	None	None
Vice-President Dicky Chang	Male	ROC	2011. 12.26	1,270,507	0.08	69,731	0.00	Senior Manager of World Family Agent of Bowne International Bachelor of Library Science, Fu Jen Catholic University	-	None	None	None
Overseas Operation CEO Matthew Feng-Chiang Miau	Male	USA	2005. 4.1	28,452,004	1.71	-	-	MBA, Santa Clara University (USA) Bachelor of Electrical Engineering, the University of California at Berkeley	Chairman of Lien Hwa Industrial Corp. Chairman of UPC Technology Corp. Chairman of MiTAC Holdings Corp. Chairman of MiTAC Inc. Director of Getac Technology Corp. Director of MiTAC Information Technology Corp. Director of BOC Lien Hwa Industrial 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	Male	ROC	1988. 11.1	289,164	0.02	36,634	0.00	Manager of Tait Marketing & Distribution Co., Ltd. Manager of Dimerco Bachelor of Accounting, Soochow University	Supervisor of E-Fan Investments Corp. Supervisor of Seper Marketing Corp.	None	None	None

* Start date indicates the date on board; no indication will be made if the title changed during the period.

* All shares are registered under stockholder's own name.

Remuneration of directors and managers and employees' bonuses

Remuneration policy

The remuneration of directors of the Company shall be deemed to be the remuneration of the directors of the current year in accordance with Article 18 of the company policy and may not exceed 1% of the current year's profit. 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. Performance appraisal and remuneration of directors and managers shall be based on the levels of industry peers, as well as their individual achievements, the Company's overall performance, and the level of risks involved.

Remuneration of directors

2018

Unit: %/in NT$1,000

Title	Name	Director's remuneration *				Ratio of total remuneration (A+B+C+D) to net income (%)	Pay received as an employee *							Percentage of total remuneration (A+B+C+D+E+F+G) to net income (%)	Compensation from an invested company other than the Company's subsidiary *
		Remuner-ation (A)	Severance payment and pension (B)	Director's remuneration (C) ***	Fees for conducting business (D)		Salary, bonuses and allowances (E)	Retirement pension(F) ****	Remuneration for employees (G)***		Shares subscribable under employee stock option (H)	Restricted stock units (I)		
									Cash dividend amounts	Stock dividends				
Chairman	Matthew Feng-Chiang Miau	-	-	7,500	1,916	0.14	88,100	4,190	-	-	-	-	1.54	None
Director	Evans S.W. Tu													
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 companies in the financial report.

** Is the representative of MiTAC Inc.

*** This amount is estimated as the remuneration to directors for 2018 has not yet been approved by the shareholders' meeting. Thus, this is an estimated amount. Remuneration received by directors who are also employees is calculated based on the amount actually paid last year. Thus, this is an estimated amount.

**** Proposed appropriation, not actually paid.

Remuneration scale applicable to the Company's Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies included in the consolidated financial report	The Company	All companies included in the consolidated financial report
Below NT$2,000,000	Matthew Feng-Chiang Miau, Evans S.W. Tu, Chou, T.C*, Yang, Hsiang-Yun*, Yungdu Wei, Yojun Jiao, Anping Chang	Matthew Feng-Chiang Miau, Evans S.W. Tu, Chou, T.C*, Yang, Hsiang-Yun*, Yungdu Wei, Yojun Jiao, Anping Chang	Chou, T.C*, Yang, Hsiang-Yun*, Yungdu Wei, Yojun Jiao, Anping Chang	Chou, T.C*, Yang, Hsiang-Yun*, Yungdu Wei, Yojun Jiao, Anping Chang
NT$2,000,000 (inclusive) to NT$5,000,000	-	-	-	-
NT$5,000,000 (inclusive) to NT$10,000,000	-	-	-	-
NT$10,000,000 (inclusive) to NT$15,000,000	-	-	-	-
NT$15,000,000 (inclusive) to NT$30,000,000	-	-	-	-
NT$30,000,000 (inclusive) to NT$50,000,000	-	-	Matthew Feng-Chiang Miau, Evans S.W. Tu	Matthew Feng-Chiang Miau, Evans S.W. Tu
NT$50,000,000 (inclusive) to NT$100,000,000	-	-	-	-
Greater than NT$100,000,000	-	-	-	-
Total	7	7	7	7

* Is the representative of MiTAC Inc.

Remunerations to president and vice-presidents

2018

Unit: %/in NT$1,000

Title	Name	Salary (A)**	Severance payment and pension (B)** and ****	Bonus and special disbursement (C) **	Employee remuneration ** and ***		Ratio of total remuneration (A+B+C+D) to net income (%)	Exercisable employee stock options **	Restricted stock units	Compensation from investments other than subsidiaries **
					Cash dividend amounts	Stock dividends				
President	Evans S.W. Tu*	119,260	5,670	-	-	-	1.89	-	-	-
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 NT$9,160,000 with a book value of NT$3,610,000.

** The Company's remuneration paid to president and vice-presidents and relevant remuneration received by president and vice-presidents is consistent with the companies in the financial report.

*** This amount is estimated as the cash dividends to president and vice-presidents for 2018 has not yet been approved by the shareholders' meeting and is calculated based on the amount actually distributed last year. Thus, this is an estimated amount.

**** Proposed appropriation, not actually paid.

Range of remuneration paid to Presidents and Vice-Presidents	Name of President and Vice-Presidents	
	The Company	All companies included in the consolidated financial report
Below NT$2,000,000	-	-
NT$2,000,000 (inclusive) to NT$5,000,000	-	-
NT$5,000,000 (inclusive) to NT$10,000,000	James Lee, Dicky Chang, Rex Shiue	James Lee, Dicky Chang, Rex Shiue
NT$10,000,000 (inclusive) to NT$15,000,000	Beny Weii	Beny Weii
NT$15,000,000 (inclusive) to NT$30,000,000	-	-
NT$30,000,000 (inclusive) to NT$50,000,000	Matthew Feng-Chiang Miau, Evans S.W. Tu	Matthew Feng-Chiang Miau, Evans S.W. Tu
NT$50,000,000 (inclusive) to NT$100,000,000	-	-
Greater than NT$100,000,000	-	-
Total	6	6

Manager's name and the distribution of employee bonus

2018

Unit: %/in NT$1,000

	Title	Name	Share dividends	Cash dividends *	Total	Ratio (%) accounted compared to the total 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 Financial	Oliver Chang				
	Treasury Manager	Grace Huang				

* This amount is estimated as the cash dividends to managers for 2018 has not yet been approved by the shareholders' meeting and is calculated based on the amount actually distributed last year. Thus, this is an estimated amount.

Ratio of total remuneration to net income of the Company's directors, president, and vice-presidents in recent two years

Unit: NT$1,000

Item \ Year	Total remuneration amount				Ratio to net income			
	2017		2018*		2017		2018	
	The Company	All companies included in the consolidated financial report	The Company	All companies included in the consolidated financial report	The Company	All companies included in the consolidated financial report	The Company	All companies included in the consolidated financial report
Director's remuneration	8,208	8,208	9,416	9,416	0.13%	0.13%	0.14%	0.14%
Remunerations to president and vice-presidents	100,860	100,860	124,930	124,930	1.65%	1.65%	1.89%	1.89%

* This amount is estimated as the remuneration to directors, president, and vice-presidents for 2018 has not yet been approved by the shareholders' meeting and is calculated based on the amount actually distributed last year. Thus, this is an estimated amount.

(3) Implementation of corporate governance

- **Board of Directors operating status**

As of April 30, 2019, the Board of Directors (A) has convened 8 meetings, and the records of attendance are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance (voting and non-voting) rate (%) [B/A]	Remarks
Chairman	Matthew Feng-Chiang Miau	8	0	100.00%	Continue in office, shall attend 8 times during service period.
Director	Evans S.W. Tu	8	0	100.00%	Continue in office, shall attend 8 times during service period.
Director	Representative of MiTAC Inc.: Yang, Hsiang-Yun	8	0	100.00%	Continue in office, shall attend 8 times during service period.
Director	Representative of MiTAC Inc.: Chou, T.C.	6	2	75.00%	Continue in office, shall attend 8 times during service period.
Independent Director	Yungdu Wei	8	0	100.00%	Continue in office, shall attend 8 times during service period.
Independent Director	Yojun Jiao	5	2	62.50%	Continue in office, shall attend 8 times during service period.
Independent Director	Anping Chang	4	4	50.00%	Continue in office, shall attend 8 times during service period.

Other matters that require reporting:

1. Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions should be recorded:

(1) Items specified in Article 14-3 of the Securities and Exchange Act: See the table below.

(2) Aside from the above matters, other resolutions adopted by the Board of Directors to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.

2. Recusals of Directors due to conflicts of interests: See the table below.

Board meeting terms/date	Agenda and follow-up
1st meeting in 2018 2018.03.13	1. Payment of the 2017 remuneration to the employees and directors. 2. 2017 annual surplus distribution 3. The loan to the 100% owned subsidiary Synnex Global Ltd. Independent directors' opinion: None Processing of independent directors' opinion: None Resolutions: Approved by all the present directors
3rd meeting in 2018 2018.05.11	1. Loans and 100% owned subsidiaries 2. Change bank limit guarantees for directly and indirectly 100% owned subsidiaries Independent directors' opinion: None Processing of independent directors' opinion: None Resolutions: Approved by all the present directors
6th meeting in 2018 2018.10.11	1. Indirectly increased investment in Synnex Distributions (China) Ltd. 2. Additional investment of the Company's 100% owned subsidiary Synnex Global Ltd. in subsidiary Trade Vanguard Global Ltd. Independent directors' opinion: None Processing of independent directors' opinion: None Resolutions: Approved by all the present directors
7th meeting in 2018	2019 remuneration plan for managers. Since Chairman Matthew Feng-Chiang Miau and Director Evans S.W. Tu serve concurrently as mangers, they summarized their stakes

2018.11.12	in this matter and left the meeting to abstain from voting. The Chairman designated Independent Director Yungdu Wei as his deputy to preside over the meeting Resolutions: Except for the directors who had stakes in this matter and left the meeting to avoid the solution, the Deputy Chairman asked the remaining directors for their opinions and all the present directors approved the proposal

3. An evaluation of the goals (e.g., set up Audit Committee and improve transparency of information) set for strengthening the functions of the Board and implementation status during the current and immediately preceding fiscal years:

1. The Board of Directors authorizes the establishment of the Audit Committee and the remuneration committee to assist the Board of Directors in performing their supervisory duties. The two committees consist entirely of three independent directors.
2. The chairmen of the committees shall report their activities and resolutions to the Board of Directors on a regular basis.
3. The Company has established the Rules of Procedures for Board of Directors Meetings in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies and would post information on the attendance by Directors on the Market Observation Post System after each Board meeting, and disclose important resolutions adopted by Board meetings on the Company.
4. The Company attaches great importance to corporate governance. Since 2015, the election of Supervisors has been changed to candidate nomination. In June of the same year, the Audit Committee was set up to replace the Supervisors. Relevant important proposals are first reported to the Audit Committee for review.
5. Liability insurance for the Directors and key persons:

Since 1999, the Company has purchased liability insurance for the Directors and key persons and reviews the contents of the policy annually to confirm that the insurance compensation amount and coverage meet the requirements.

● Attendance of Independent Directors

As of April 30, 2019, the records of attendance of Independent Directors are shown below:

●: Attendance in person; ☆: Attendance by proxy; *: Absent

Name	1st	2nd	3rd	4th	5th	6th	7th	8th
Yungdu Wei	●	●	●	●	●	●	●	●
Yojun Jiao	☆	●	●	*	●	●	☆	●
Anping Chang	●	☆	●	☆	●	☆	●	☆

● State of operations of the Audit Committee

As of April 30, 2019, the Audit Committee (A) has convened 6 meetings, and the records of attendance are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance (voting and non-voting) rate (%) [B/A]	Remarks
Independent Director	Yungdu Wei	6	0	100.00%	Convener
Independent Director	Yojun Jiao	4	2	66.67%	None
Independent Director	Anping Chang	3	3	50.00%	None

Annual work focus and state of operations of the Audit Committee:

1. The annual work focus of the Audit Committee is on assisting the Board of Directors in fulfilling their supervisory responsibilities in the Company's implementation of the quality and integrity of accounting, auditing, financial reporting processes, and financial controls. The matters considered by the Audit Committee mainly include: Financial statements; audit and accounting policies and procedures; internal control systems and relevant policies and procedures; major assets or derivatives transactions; major fund loans and endorsements or guarantees; raising or issuing securities; derivative financial products and cash investments status; regulatory compliance; information security; corporate risk management; auditor qualifications, independence, and performance evaluation; auditor appointment, dismissal, or remuneration; appointment and dismissal of finance, accounting, or internal auditing managers, and status of performance of Audit Committee duties. Review financial report: The Board of Directors has prepared and submitted the 2018 business report, financial reports, and earnings distribution proposal. The Board of Directors have appointed PwC Taiwan to audit the financial statements and submit an audit report. The Audit Committee has reviewed the business report, the financial reports, and the earnings distribution proposal and did not find any instances of noncompliance. Evaluating the effectiveness of the internal control system: The Audit Committee believes that the Company's risk management and internal control systems are effective, and the Company has adopted the necessary control mechanisms to monitor and correct violations.
2. Should any of the following take place in an audit committee meeting, the date and number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions should be recorded:

(1) Items specified in Article 14-5 of the Securities and Exchange Act: See the table below

Audit Committee meeting term/date	Agenda and follow-up
16th session of 1st Audit Committee March 13, 2018	1. Payment of the 2017 remuneration to the employees and directors 2. 2017 annual surplus distribution 3. The loan to the 100% owned subsidiary Synnex Global Ltd.

	Independent directors' opinion: None Processing of independent directors' opinion: None Resolutions: Approved by all the present committee members, and reported to the Board of Directors
17th session of 1st Audit Committee May 11, 2018	1. Loans and 100% owned subsidiaries 2. Change bank limit guarantees for directly and indirectly 100% owned subsidiaries Independent directors' opinion: None Processing of independent directors' opinion: None Resolutions: Approved by all the present committee members, and reported to the Board of Directors
2nd session of 2nd Audit Committee October 11, 2018	1. Indirectly increased investment in Synnex Distributions (China) Ltd. 2. Additional investment of the 100% owned subsidiary Synnex Global Ltd. in subsidiary Trade Vanguard Global Ltd. Independent directors' opinion: None Processing of independent directors' opinion: None Resolutions: Approved by all the present committee members, and reported to the Board of Directors

(2) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.

3. The Independent Directors' avoidance of interest motion should indicate the names of the Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: None.

4. Communication between Independent Directors and internal auditors and accountants (including substantial matters regarding the financial and business conditions of the Company and the methods as well as results of the communication).

Description:

1. The company selected three Independent Directors and established the Audit Committee at the shareholders meeting on June 12, 2015.
2. The internal audit department sends the audit report to the Independent Directors every month. The audit manager also reports major audit findings to the members and Directors at the Audit Committee and Board of Directors meetings. The internal audit manager regularly conducts internal auditor's report and discussion with the Audit Committee on a quarterly basis, and the relevant managers will also attend and report.
3. Usually, the audit manager, accountants, and Independent Directors can communicate directly by email, telephone, or meeting as needed.

4. Communication between Independent Directors and internal audit manager:

Audit Committee meeting date	Main points of communication	Handling and implementation result
16th session of 1st Audit Committee March 13, 2018	The internal auditor's report and communication for 2017 Q4.	After review and approval, report to the Board of Directors.
17th session of 1st Audit Committee May 11, 2018	The internal auditor's report and communication for 2018 Q1.	After review and approval, report to the Board of Directors.
1st session of 2nd Audit Committee August 7, 2018	The internal auditor's report and communication for 2018 Q2.	After review and approval, report to the Board of Directors.
2nd session of 2nd Audit Committee November 12, 2018	The internal auditor's report and communication for 2018 Q3.	After review and approval, report to the Board of Directors.
3rd session of 2nd Audit Committee March 13, 2019	The internal auditor's report and communication for 2018 Q4.	After review and approval, report to the Board of Directors.

5. According to the SAS No. 62, Communication with the Auditee's Governance Unit, and the letter Tai-Cai-Zheng-(6)-Tze No. 0930105373 released by the Securities and Futures Bureau on March 11, 2004, governance matters concerning the review or approval of the Company's consolidated financial report (annual and includes the individual financial report) during the planning and completion stages each quarter, the information shall be communicated to the Audit Committee in writing or in person.

Regularly - The accountant shall communicate with the Audit Committee on the audit plan, implementation status, and results before and after the Q2 financial report and the annual report.

Periodically - If there are individual cases related to other operational aspects or internal control that need to be discussed immediately, the meeting shall be arranged as appropriate.

6. Communication between Independent Directors and accountants:

Audit Committee meeting date	Main points of communication	Handling and implementation result
16th session of 1st Audit Committee March 13, 2018	The CPA described the auditing implementation status of the 2017 consolidated financial statements and individual financial statements	The CPA personally attended the Audit Committee meeting and discussed and communicated the questions raised by

	and communicated these to the Independent Directors.	the members.
1st session of 2nd Audit Committee August 7, 2018	The CPA described on the auditing status of the 2018 Q2 consolidated financial statements and the annual auditing plan and communicated these to the Independent Directors.	The CPA personally attended the Audit Committee meeting and discussed and communicated the questions raised by the members.
3rd session of 2nd Audit Committee March 13, 2019	The CPA described the auditing implementation status of the 2018 consolidated financial statements and individual financial statements and communicated these to the Independent Directors.	The CPA personally attended the Audit Committee meeting and discussed and communicated the questions raised by the members.

Information on Remuneration Committee members

Identity	Name	More than 5 years of experience and the following professional qualifications: A lecturer or higher position in a Department of Commerce, Law, Finance, Accounting, or other academic department related to the business needs of the Company 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 been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	Compliance of independence* 1	2	3	4	5	6	7	8	Number of other public companies in which the member also serves as a member of their Remuneration Committee	Remarks
Independent Director	Yungdu Wei		V	V	V	V	V	V	V	V	V	V	4	-
Independent Director	Yojun Jiao			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) Not an employee of the Company or any of its affiliates.

(2) Not a Director or Supervisor of the Company or any of its affiliates. Exception shall apply to independent directors established pursuant to the Securities and Exchange Act or local regulations.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.

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

(5) Not a Director, Supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company or ranks as one of its top five shareholders.

(6) Not a Director, Supervisor, managerial officer, or a shareholder that holds more than 5% of shares at a company or institution that has financial or business exchanges with the Company.

(7) Not a professional person, business owner, partner, Director, Supervisor, or managerial officer any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the Company or any of its affiliated companies; nor a spouse of anyone listed herein.

(8) Not been a person of any conditions defined in Article 30 of the Company Act.

Operation of Remuneration Committee

I. Company's Remuneration Committee is comprised of three persons.
II. Current term for the members: June 12, 2018 to June 11, 2021; as of April 30, 2019, the Remuneration Committee (A) has convened 3 meetings, and the qualifications and records of attendance of committee members are shown below:

Title	Name	Attendance (voting and non-voting) in person (B)	Attendance by proxy	Actual attendance (voting and non-voting) rate (%) [B/A]	Remarks
Convener	Yojun Jiao	1	2	33.33%	Re-elected after appointment by the Board of Directors meeting on June 12, 2018
Committee member	Yungdu Wei	3	0	100.00%	Re-elected after appointment by the Board of Directors meeting on June 12, 2018

Title	Name	Attendance (voting and non-voting) in person (B)	Attendance by proxy	Actual attendance (voting and non-voting) rate (%) [B/A]	Remarks
Committee member	Anping Chang	2	1	66.67%	Re-elected after appointment by the Board of Directors meeting on June 12, 2018

Other matters that require reporting:

I. Scope of authority of the Remuneration Committee:

The Company's Remuneration Committee is responsible for establishing and reviewing the performance evaluation and remuneration policy, system, standard, and structure for the Company's Directors and the management, and submit proposals to the Board of Directors for discussion.

Roles and Responsibilities of the Remuneration Committee:

1. Regularly review the foundation policy of the Remuneration Committee and propose amendments.
2. Stipulate and review regularly the compensation policies, systems, standards, and structures, and annual performance objectives of Directors and managers.
3. Regularly assess the achievement of the performance objectives of Directors and managers, and determine the content and amount of their individual remuneration.

II. If the Board of Directors did not adopt or revise the recommendations of the compensation committee, it should describe the date of the Board meeting, term of the Board, agenda item, resolutions adopted by the Board, and actions taken by the Company in response to the opinion of the compensation committee (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.

III. If a member opposes a resolution the Committee has adopted or has reservations with a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: None.

● Corporate governance implementation status and departure from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Assessed areas	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
1. Has the Company set and disclosed principles for practicing corporate governance according to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has set and disclosed the "Corporate Governance Best-Practice Principles" in 2016.	In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
2. The Company's shareholding structure and shareholders' rights and interests (1) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures?	V		(1) The Company has set and implemented the procedures for handling major inside information in 2015. In addition, the company has a spokesperson system established to properly handle the shareholders' proposals, doubts, disputes, and litigation matters.	In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
(2) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	V		(2) The Company has a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders; the shares held by the directors, supervisors, and major shareholders are filed on a monthly basis in accordance with Securities and Exchange Act.	
(3) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations?	V		(3) The Company has established related regulations on internal control mechanisms in accordance with relevant regulations. 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, business, 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 with documented rules established.	
(4) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V		(4) The company has regulations in place to prohibit the insiders of the company from utilizing the undisclosed information to trade securities.	

Assessed areas	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
3. Composition and responsibilities of the Board of Directors (1) Has the Board of Directors devised and implemented a plan for a more diverse composition of the Board?	V V V V		(1) The diversity policy for members of the Board of Directors is established in Article 20 of the Company's Corporate Governance Best Practice Principles: The Company's Board of Directors shall direct company strategies, supervise the management, and be responsible to the Company and the shareholders' meeting. The various procedures and arrangements of the corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, the Articles of Incorporation, and the resolutions adopted by shareholders' meetings. The organization of the Company's Board of Directors shall be commensurate with the Company's size and shareholding structure and be based on business needs. The appropriate number of directors has been determined to be seven or more. The composition of the board of directors shall be determined by taking diversity into consideration, except for the number of directors who are also managers of the Company shall not exceed one-third of the Board of Directors, and formulating an appropriate policy on diversity based on business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards: 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. The members of the Board of Directors shall be balanced between the genders and they shall possess the knowledge, skills, and experience necessary for performing their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities: 1. Ability to make sound business judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to manage a business. 4. Ability to handle crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Leadership ability. 8. Decision-making ability. The Board of Directors is the highest governance unit of the Company. At present, the seven members of the Board of Directors are composed of Directors with experience managing world-class companies or experience in professional fields. The board members are of different ages that span across different generations, and their academic and professional experience covers different fields. They have rich management experience, personal insight, and business judgment, and have the ability to perform Director duties, and can supervise and provide constructive advice to the management team. Directors who are also employees of the Company account for 28%, Independent Directors account for 43%, female Directors account for 14%, and Directors who are not managers of the Company account for 71%. Three Independent Directors have served for a period of 6 years, two Directors are older than 70 years old, and five Directors are between the ages of 50 and 69.	(1) In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." (2) 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/TPEx Listed Companies" and the related law and regulations.
(2) In addition to establishing a Compensation Committee and an Audit Committee, which are required by law, is the company willing to also voluntarily establish other types of functional committees?			(2) 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, and the Audit Committee will be established in 2015; more functional committees will be planned continuously in the future.	
(3) Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually?			(3) The Board Chairman is the Chairman of the Company. The promotion of the business strategy is executed by the professional managers. The responsibilities of the Board of Directors include supervision, appointment, and guide the Company's management; the Board of Directors are also responsible for the company's overall operations and improving the supervision mechanism and strengthening the management capabilities. However, a formal board performance evaluation method and assessment method is not yet established and will be assessed and established in the future as needed in order to protect shareholders' interests.	
(4) Does the company periodically evaluate the level of independence of the CPA?			(4) The Company has the independence and suitability of the CPA assessed at least once a year. Regarding the indicators including size and reputation of the accounting firm and the number of years of continuous provision of auditing services, the CPA and his firm are required to provide relevant information and a statement for assessment. The results of the assessment for the most recent two years were reported to the Board of Directors on March 13, 2018 and March 13, 2019 respectively.	
4. Does the TWSE/TPEx listed companies have a unit or staff that specializes (or is involved) in corporate governance (including but not limited to providing information necessary for directors and supervisors to perform their duties, organizing board meetings and general shareholders' meetings, handling business registration and any change of registration, and compiling minutes of board meetings and general shareholders' meetings)?	V		The Company has designated personnel responsible for the governance-related matters including providing required information 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, and 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/TPEx Listed Companies."

Assessed areas	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
5. Has the Company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated stakeholder section on the company website, as well as appropriately responded to important corporate and social responsibility issues of concern to stakeholders?	V		The Company has set a stakeholder section on the Company's website and has designated personnel to process and answer questions. The Corporate Social Responsibility Report is also placed on the Company's website for stakeholders to download.	In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
6. Has the Company hired a professional agency to handle tasks and issues related to holding the shareholder's meeting?	V		The company commissions CTBC Bank Co., Ltd. Transfer Agency Department to handle matters related to holding the shareholders' meeting.	In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
7. Information disclosure (1) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status? (2) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	V V		(1) The Company has set up a website (http://www.synnex-grp.com/) to disclose relevant information on financial status and business. (2) As required by law, relevant information of the Company are disclosed in a timely manner in the "Market Observation Post System" for the understanding and inquiry of the investors. (3) The company has a spokesman and a deputy spokesman appointed. (4) The Company has the Chinese and English corporate governance information disclosed in the "Investor Relations" section on the Company's website with the information updated in a timely manner.	(1) In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." (2) 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/TPEx Listed Companies" and the related law and regulations.

<table>
<tr><th rowspan="2">Assessed areas</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>8. Does the Company have other information that is helpful for understanding its status of corporate governance (including but not limited to employee rights and interests, employee well being, investor relations, supplier relations, rights of interested parties, further education sought by Directors and Supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the taking out of liability insurance for Directors)?</td><td>V</td><td></td><td>(1) Employee benefits:
The Company firmly believes that employees is the driving force of business growth; thus, the Company appreciates the importance of employee benefits and 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: life insurance with a coverage of at least NT$3 million (far better than general companies), free health checkup, weddings, funeral, and maternity subsidies, interest-free loans, and external training subsidies.
2. Implementation status: (1) Statutory rights and interests of employees are handled according to law.
(2) Various employee benefits are handled by the designated personnel.
(3) The Company's group insurance has provided sufficient coverage to the employees who had suffered severe injuries or sickness in the recent years, providing 3-5 years of economic security to the employees' families. Considering the needs of the employee's families for insurance coverage, the Company provides the employees and their spouses with preferential life insurance and accident insurance policy.
(2) Investor relations: The company insists on the principle of integrity and information disclosure fairness and 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.
(3) Supplier relationships and stakeholder interests: The Company and its suppliers have maintained long-term and close cooperation relations.
(4) Continuing education of Directors: The Directors of the Company have a background in industry and have their continuing education disclosed in the "Market Observation Post System" for the reference of the shareholders and investors. The 2018 advanced studies are disclosed in the attachment.
(5) Implementation of risk management policies and risk assessment: Internal regulations are stipulated according to law for risk management and assessment.
(6) Recusals of Directors due to conflicts of interests: The Directors of the Company must be recused from voting on any motions they are in conflict with.
(7) The implementation of customer relations policies: The Company and its customers maintain a stable and good relationship to create profits for the Company.
(8) The purchase of liability insurance for the Directors: The Company has acquired liability insurance for the directors in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and it has been disclosed in the "Market Observation Post System".
<table><tr><th>Insured subject</th><th>Insurance company</th><th>Insured amount (NT$: thousand)</th><th>Insurance period</th></tr><tr><td>All Directors</td><td>Fubon Insurance Co., Ltd.</td><td>594,800</td><td>Since September 1, 2017
to September 1, 2018</td></tr><tr><td>All Directors</td><td>Fubon Insurance Co., Ltd.</td><td>614,600</td><td>Since September 1, 2018
to September 1, 2019</td></tr></table>(9) The Directors of the Company have fulfilled responsibilities truthfully and exercised the due care of a good administrator.
(10) The Company has the "Rules of Procedure for Board of Directors Meeting" stipulated and implemented.
(11) The Company's board meeting has been convened at least once a quarter to strengthen corporate governance.</td><td>In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"</td></tr>
</table>

Assessed areas	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	

9. Please described improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement will be needed.

The Company was ranked within the top 21%~35% in the 2018 corporate governance evaluation.

The improvements that the Company has made and matters to be given priority where improvement will be needed regarding the 2018 corporate governance evaluation:

Indicator		Description of improvements already made, matters to be given priority where improvement will be needed, and measures
2.15	Does the Company disclose the communication between the Independent Directors and the internal audit Supervisors and accountants (such as the manner, events, and results of the communication regarding the Company's financial reports and financial business conditions) on the company's website?	Information has been disclosed on the Company's website.
2.26	1. This indicator has been established to encourage TWSE/TPEx listed companies to purchase liability insurance for its Directors and Supervisors in order to mitigate and diversify the risk of any material damages to the Company and its shareholders caused by any error or negligence of its Directors. 2. Indicator reference: OECD principle VI (E) (3), the Board of Directors should be able to effectively assume their responsibilities. In accordance with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, it is advisable for TWSE/TPEx listed companies to purchase liability insurance in accordance with regulations for the liability of the Directors during the term of their duties in order to mitigate and diversify the risk of any material damages to the Company and its shareholders caused by any error or negligence. Once the TWSE/TPEx listed companies has purchased or renewed liability insurance for the Directors, the insured amount, insurance coverage, and insurance rate shall be reported at the latest Board of Directors meeting.	This was reported to the Board of Directors and disclosed in the Market Observation Post System.
4.14	Does the Company's website or annual report reveal the identity of the stakeholders, concerns, communication channels, and responses?	Information has been disclosed in the 2018 Corporate Social Responsibility Report and on the Company's website.
4.16	Has the Company established a reporting system for illegal (including corruptive) and unethical behaviors inside and outside the Company and disclose the detailed information on the Company's website?	The reporting system has been established in 2018 and the information has been disclosed on the Company's website.
2.21	Has the Company set up full-time corporate governance personnel responsible for corporate governance related matters, and does the Company explain the operation and execution status of the established unit in the annual report and on the Company's website?	The Company plans to set up corporate governance supervisors in 2019 who are responsible for corporate governance related matters, and disclose relevant information on the Company's website.
2.2	Does the company stipulate a policy of diversification of board members and disclose the implementation of diversification policies in the annual report and on the Company's website?	The Company has established best practice principles for corporate governance and intends to strengthen reporting in the annual report and on the Company's website to explain the implementation of diversity of board members.
4.15	Does the Company's website or annual report disclose its ethical corporate management policies and specify specific practices and programs to prevent dishonesty?	The Company expects to strengthen the implementation of ethical management principles in 2019 and prevent unscrupulous behaviors and promote education and training related to the ethical corporate management.

Assessed areas	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	

Continuing education of Directors and Supervisors:

Directors and Supervisors		Educational institutions	Course title	Training period	Hours
Director	Matthew Feng-Chiang Miau	Taiwan Corporate Governance Association	Artificial intelligence and the era of C2B	2018.05.28	3.0
Director	Matthew Feng-Chiang Miau	Taiwan Academy of Banking and Finance	Corporate governance forum - international trends in preventing money laundering and combating terrorism	2018.07.27	3.0
Director	Matthew Feng-Chiang Miau	Taiwan Academy of Banking and Finance	Corporate governance forum - IT security trends and corporate response	2018.11.23	3.0
Director	Evans S.W. Tu	Taiwan Corporate Governance Association	Artificial intelligence and the era of C2B	2018.05.28	3.0
Representative of Institutional Director	Chou, T.C.	Taiwan Corporate Governance Association	Artificial intelligence and the era of C2B	2018.05.28	3.0
Representative of Institutional Director	Chou, T.C.	Taiwan Stock Exchange Corporation	2018 ESG investment forum	2018.09.26	3.2
Representative of Institutional Director	Yang, Hsiang-Yun	Taiwan Corporate Governance Association	Artificial intelligence and the era of C2B	2018.05.28	3.0
Independent Director	Yungdu Wei	Taiwan Academy of Banking and Finance	Corporate governance lecture	2018.05.09	3.0
Independent Director	Yungdu Wei	Taiwan Academy of Banking and Finance	Corporate governance lecture	2018.05.23	3.0
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Global trend analysis - risks and opportunities	2018.05.25	3.0
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Artificial intelligence and the era of C2B	2018.05.28	3.0
Independent Director	Yungdu Wei	Securities and Futures Institute	Directors and Supervisors practices advanced seminar - discussion on key corporate law amendments and practices	2018.09.06	3.0
Independent Director	Yungdu Wei	Taiwan Academy of Banking and Finance	Corporate governance forum - IT security trends and corporate response	2018.11.23	3.0
Independent Director	Anping Chang	Center for Corporate Sustainability	2018 international economic trends and financial system	2018.01.25	3.0
Independent Director	Anping Chang	Taiwan Corporate Governance Association	Artificial intelligence and the era of C2B	2018.05.28	3.0
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	From the wave of global anti-tax evasion, discuss the tax environment changes and taxation reform trends of the cross-strait and the United States	2018.04.13	3.0
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	Analysis of the new global and cross-strait anti-tax evasion systems	2018.10.25	3.0
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	Taiwan's new opportunity during the US-China trade conflict	2018.10.25	3.0

Performance of social responsibilities

Assessed areas	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
1. Implementation and promotion of corporate governance				
(1) Does the Company have a corporate social responsibility policy or system in place? Is progress reviewed on a regular basis?	V		(1) 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; we also do not allow our employees to accept this incentive. 4.We believe that contributing to the society or the industry is our obligation and mission. 5.We firmly believe: winning trust is an honor and responsibility; accepting criticism with grace is wisdom and courage.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(2) Did the Company provide social responsibility training on a regular basis?	V		(2) The company has education and training courses arranged for the new recruits on the day they report to work, and advocates the Company's business operation and philosophy, including the concept of corporate social responsibility, in the courses. Advocate positive viewpoint with a subtle effect through long-term internal education and training of Synnex EMBA articles and Synnex Concepts.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(3) Does the Company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior managerial officers authorized by the Board of Directors and reports its progress to the Board of Directors?	V		(3) 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 Planning & Management Division of the President Office. Four work teams were formed on the subject with a competent supervisor 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/TPEx listed companies"
(4) Did the Company formulate reasonable remuneration policies, integrate employee performance appraisal systems with corporate responsibility policies, and establish effective reward and punishment systems?	V		(4) The Company sets a reasonable remuneration policy with the considerations of external market, internal fairness, and reasonableness and 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 employees 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/TPEx listed companies"
2. Fostering a sustainable environment				
(1) Is the Company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment?	V		(1) The Company endeavors to utilize all resources more efficiently to lower the impact on the environment. 1. Reuse of recycled packaging materials. 2. Promote paperless operations, such as using an electronic signature system to significantly 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/TPEx listed companies"
(2) Has the Company established a proper environmental management system based on the characteristics of the industry?	V		(2) Though Synnex is a distributor of 3C products, which is not a highly polluted industry, the Company is committed to fulfill environmental responsibility based on the faith that earth is part of our lives. The main environmental management guidelines are as follows: endeavors to utilize all energy and resources more efficiently to lower the impact on the environment. In the most energy-intensive logistics centers, there are comprehensive energy-saving management and energy efficiency mechanisms. For instance, the Company's corrective measures for the regular operation procedure reduces the idle time of transport equipment, shuts down the less used air conditioning, raises the environmental temperature, and turns off the lighting equipment in unmanned areas. The Company has also invested in isolated air conditioning and the regular maintenance of air conditioning equipment, and replaced lights with energy-saving LED lights to improve the 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 work time and reduced the power capacity contract. If usage exceeds the capacity contract, the Company will activate improvement plans.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(3) Has the Company taken note of any impacts climate change has had on its operations and engaged in measuring greenhouse gas emissions, establishing a corporate energy conservation and carbon reduction strategy, as well as establishing a greenhouse gas reduction strategy?	V		(3) The Company engages in the 3C products channel business, which is not a high-polluting industry. The carbon dioxide emissions are mainly generated by the vehicles used by the logistics centers. A total of 1,416 metric tons of carbon dioxide emission was generated by vehicles in 2017, and a total of 1,307 metric tons was generated in 2018. For the replacement of old vehicles, vehicles that comply with Taiwan's environmental regulations are used to reduce the impact of vehicles on environmental protection. Moreover, the strategies that the Synnex established for energy conservation and carbon and greenhouse gas reduction are as follows: 1. The main engine of the air conditioner cannot be turned on when the office temperature is below 26°C. 2. Turn off the air conditioner 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 factory site, and the use of air conditioning is prohibited when idling. 5. Employees are encouraged to use the stairs and skip the use of elevators.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"

Assessed areas	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
3. Upholding public interests (1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company treats employees with good faith, and protects employees legitimate rights based on the Labor Standards Act, International Bill of Human Rights, and the management policies stipulated in accordance with the governing law and regulations; in addition, employee/employer 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 rules have been established, and job opportunities are provided to disabled people first to allow the same career development as that of general employees.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(2) Has the Company set up an employee hotline or grievance mechanism to handle complaints properly?	V		(2) The Company has set up employee opinion mailboxes and appointed designated personnel to process and respond to the opinions of employees after receipt.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(3) Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training?	V		(3) The Company values the safety and mental and physical health of employees and is dedicated to improving the working environment and enhancing employees' safety and health awareness. The Company has stipulated relevant management mechanisms and operation methods described as follows: 1. Work environment and employee safety protection (1) The Company constructs a safe and healthy workplace and regularly maintains and improves equipment; all office computers adopt screens with low blue light to provide employees with comfortable, healthy, and friendly office equipment. (2) The Company's workplaces are covered with public liability insurance, the public safety equipment inspection of the building and firefighting plan is reported to the competent authorities according to law, and the fire management personnel qualification license and certificate is obtained; the workplace firefighting plan is stipulated, and the safety of firefighting equipment placed in workplaces is maintained. (3) The Company has appointed safety and health personnel and arranged safety and health education and training. 2. Employee health enhancement (1) The Company has full-time nurses appointed to provide employees with health counseling and arranges health seminars with physicians invited to share health information with the employees to provide proper health management knowledge and to reinforce the employees' awareness of health. (2) Arrange regular free health exams with nurses to provide necessary assistance to follow up on abnormal results, providing comprehensive healthcare to safeguard the health of employees. (3) Arrange family days and health promotion competitions to encourage employees to pay attention to their own health. (4) Neck and shoulder massage services are regularly provided by a professional masseuse, relieving the stiffness from sitting in the office for long hours and improving blood circulation.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(4) Has the Company set up a channel for communicating with employees on a regular basis, and reasonably inform employees of any significant changes in operations that may have an impact on them?	V		(4) The Company holds regular employee/employer meetings to open door for communication between employers and employees so as to establish understanding and promote harmony, and communicates message via email irregularly.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(5) Has the Company established an effective career development and capability training program for employees?	V		(5) The Company firmly believes that "Good employees make good departments, and good departments make a good company." Plan professional job training and construct a knowledge management system for self learning after new recruits report to work so that employees can continue to grow and enhance their professional skills. Moreover, the Company arranges 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/TPEx listed companies"
(6) Has the Company established any consumer protection mechanisms and complaint procedures regarding R&D, purchasing, production, operation, and service?	V		(6) The Company is a distributor and mainly serves consumers in accordance with the service specifications of the manufacturers and government laws and regulations. Synnex e-city website support email and service hotline are provided to control, care for, and handle the interests of consumers and the satisfaction of after sales services.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(7) In terms of the marketing and labeling of products and services, has the Company followed relevant laws, regulations, and international standards?	V		(7) The Company has the marketing and labeling of products and services handled in accordance with the Commodity Labeling Act and the IT and Telecom (3C) labeling standard and other requirements published by the Department of Commerce, MOEA. Moreover, the company has applied for electromagnetic waves and other inspections of the products by the Bureau of Standards, Metrology and Inspection, MOEA so that consumers can understand the products fully.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(8) Before doing business with suppliers, does the Company assess whether or not the suppliers have had previous records of negatively affecting the environment or society?	V		(8) 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 in fulfilling corporate social responsibility as an important indicator for long-term cooperation. In evaluating the vendors' fulfillment of their social responsibility, the Company mainly evaluates the following items. 1. "Honesty and integrity, clean transaction" Link with the vendors and customers through our role as a distributor to jointly create a harmonious and pure trading environment. In addition to honoring 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 and environmental, recycle energy" Request the manufacturers and suppliers to comply with the requirements of EU environmental standards and national environmental laws and regulations; also, aim for sustainable development and expand the overall green supply chain performance.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(9) Do the Company's contracts with major suppliers include a clause that states that if the supplier violates our corporate social responsibility policies, resulting in significant impacts to the environment and society, the Company retains the right to terminate the contracts at any time?		V	(9) Currently, the agreement of having a contract terminated or canceled while violating the "Corporate Social Responsibility Policy" is not signed by all the trade partners of the company; however, if a relevant situation arises, the cooperation relationship with the supplier will be re-evaluated in order to achieve the goal of the Company and supplier working together to enhance corporate social responsibility.	For the consideration of the law and regulations or the actual operations, if any, it is to be handled in accordance with the law and regulations.

Assessed areas	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
4. Enhancing information disclosure (1) Has the Company disclosed relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System?	V		The Company set up a CSR section on the website and discloses relevant information there; the 2017 CSR report was published in June 2018 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/TPEx listed companies"

5. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any difference 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.

6. Other key information useful for explaining status of corporate social responsibility practices:
It is described below. In addition, please refer to the CSR report published in the CSR section on Synnex's website.

7. If the Company's products or social responsibility reports have been certified by external institutions, they should state so below: None.

Other status of corporate social responsibility practices

Environmental management

Though Synnex is a distributor of 3C products, which is not a highly polluted industry, Synnex is committed to fulfill environmental responsibility based on the faith that earth is part of our lives.

(1) Reduce the impact of services on the environment
Synnex has recycling symbols and recycling bins setup for obsolete 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.

(2) Reduce the impact of logistics and transportation on the environment
For the consumer goods channel business operation, logistics vehicles are the main source of energy consumption and greenhouse gas emissions. Thus, 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 Taiwan 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 to 3 deliveries made daily by the designated personnel and vehicles in order to reduce inefficient transport routes. All distribution vehicles must turn off engine when parked in the factory site, and the use of air conditioning is prohibited when idling.

Care for employees

Synnex firmly believes: "Good employees make a good department; a good department makes a good company." We wish to provide each employee with appropriate care and attention, to substantiate employee care, to offer colleagues a talent development platform, and to continue giving employees 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, employee safety and talent training and development is important.

(1) Employee diversity 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, zodiac sign, blood type, marital status, mental and physical disability, or union membership.

(2) 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, arrange for professional electrical appliance manufacturers to conduct maintenance inspections of high and low voltage electrical equipment once a month, and shut off the power to check the high and low voltage equipment once a year according to the regulations. After the inspection, a report is sent to the Taiwan Power Company and the Department of Economic Development, Taipei City Government for reference), enhance workplace equipment safety (the occupational safety administrators conduct monthly inspection of fire safety equipment and fire refuge facilities), test water quality quarterly, perform repair work (for example, reduced the entry and exit slope of the motorcycle parking lot, installed new water dispenser drainage pipes, and refreshed and repaired the exterior wall of the building), renew protection gear (for example, attic ladder rackmount, upgraded electromechanical technicians protection equipment), 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 logistics personnel to prevent occupational injury such as new hire online education, fork lift operation safety, correct posture to carry heavy matters, and physical warm-up every morning to prevent injury. We also provided waist support and earplugs 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 replenish materials. 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 food (fruit and bread), etc., and established corporate group activities.

(3) Peace of mind and security
1. Emphasizing the creation of an "intelligent and balanced work lifestyle" to encourage colleagues to "take adequate vacations". In addition to the annual leave required by law, new recruits with less than half a year seniority are entitled to a "new employee" leave.
2. All full-time employees enjoy term life insurance of at least NT$3 million, providing basic security for their families.
3. Employees that have served at the company for at least one full year are eligible for interest free loans for house purchase, house repair, marriage, childbirth, car purchase, and emergency relief.
4. Cash gifts or gift certificates for marriage, funeral, hospitalization, childbirth, and birthday.
5. Enrollment in labor insurance for full salary, labor retirement pension contribution, and enrollment in National Health Insurance as required by the law.

(4) Female-friendly workplace environment
1. The appointment and promotion of employees is not affected by gender, and women hold approximately 50% of managerial positions.
2. A comfortable and private breastfeeding room is provided so that female workers will not be disturbed or have pressure while breastfeeding
3. We provide the employees with a friendly flexible parental leave environment. According to the statistics, over 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 recent years; also, up to 70% of the colleagues on parental leave had applied for reinstatement. This has helped reduce the conflict between work and family care for female colleagues, 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 believe knowledge sharing is the best way to increase the national social knowledge average. Thus, 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 various sectors free of charge; moreover, the royalty income of the articles published is donated entirely to 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. Moreover, the Synnex logistics centers accept 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 massage activities to provide the visually disabled with job opportunities, the invitation of Syin-Lu Social Welfare Foundation to hold charity fairs in the Company, the purchase of charity moon cakes as a gift for the employees to celebrate the Mid-Autumn Festival, and a blood donation activities. In addition to supporting public welfare, Synnex has adopted street trees, continuing to give back to society and fulfill corporate social responsibility.

● Status of implementation of integrity operations

Assessed areas	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policy and approaches				
(1) Has the Company stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the Board of Directors and the managerial officers committed in fulfilling this commitment?	V		(1) The company has the "Integrity Management Code" setup and the Internal Audit Office is responsible for the formulation and supervision of the integrity management policies and prevention programs.	In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".
(2) Does the Company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems?	V		(2) The Company has stipulated the "Manufacturers Commitment" to request all suppliers to conduct transactions faithfully without any acts of bad faith, and to establish a good procurement system. To ensure honesty in management practices, the Company established a sound accounting system and internal controls; internal auditors regularly review the status of compliance with these systems.	
(3) Has the Company taken steps to prevent occurrences listed in all subparagraphs under Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" or business conduct that are prone to integrity risks?	V		(3) 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 "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" or other business activities subject to higher risk of fraud.	
2. Full Implementation of Ethical Management Principles				
(1) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(1) The Company has stipulated the "Manufacturers Commitment" to request all suppliers to conduct transactions faithfully without any acts of bad faith, and to establish a good procurement system.	In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".
(2) Does the Company have a unit that specializes (or is involved) in business integrity under the jurisdiction of the Board of Directors? Does this unit report its progress to the Board of Directors on a regular basis?		V	(2) The Company has not set up a dedicated unit for integrity management of the Board of Directors. Each department is to fulfill integrity management according to job responsibilities and operation scope.	
(3) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	V		(3) 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, and to prevent any personal gain at the expense of the Company.	
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Are regular audits carried out by the Company's internal audit unit or commissioned to a CPA?	V		(4) To ensure honesty in management practices, the Company established a sound accounting system and internal controls; internal auditors regularly review the status of compliance with these systems.	
(5) Did the Company periodically provide internal and external training programs on integrity management?	V		(5) The Company has the "Integrity Management Code" and "Code of Conduct" setup to have integrity management embedded in corporate culture; The Company also advocates it from time to time in various meetings and Synnex EMBA 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.	
3. Operation of whistleblowing system				
(1) Has the Company established concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	V		(1) The Company has the "code of conduct" and "whistleblowing system" setup. Any person who is engaged in or aware of any violations of the Code or the law may report it to the Company's management team, the internal audit supervisor, the relevant unit, or through the whistleblowing channel.	In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".
(2) Has the Company established standard operating procedures for investigating reported cases and related confidentiality mechanism?	V		(2) The Company has established a whistleblowing system and created an independent reporting mailbox for processing the whistleblowing procedures.	
(3) Did the Company adopt measures for protecting the whistle-blower against improper treatment or retaliation?	V		(3) Informers shall be protected. If the informer is an employee of the Company, the Company promises to protect the informer from improper dispositions for whistleblowing. The relevant personnel who processes the reported case shall strictly keep secret the identity of the informer and the contents of the report. The company shall impose internal penalties according to the seriousness of the circumstances on those in violation of the previous two provisions.	
4. Enhancing information disclosure				
(1) Has the Company disclosed its integrity principles and progress onto its website and MOPS?	V		The Company has a website setup to disclose the relevant corporate culture, business policy, and other information. The Company has completed the Chinese and English corporate governance website in the "Investor Relations" section and updates corporate governance information in a timely manner.	In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".
5. The Company shall establish its own Code of Business Integrity based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and clearly articulate the differences between its operations and the established code. The Company has established an Integrity Management Code and is in compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".				
6. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management: 1. The Company has complied with the Company Law, the Securities and Exchange Act, the Business Entity Accounting Act, listed and OTC relevant rules, or other 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." A Director may offer his opinion and answer related questions but is prohibited from participating in discussion of or voting on any proposal of a Board of Director meeting where the Director or any institution that the Director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a Director vote on such proposal as proxy for any other Director in such circumstances. 3. The Company has stipulated the "Manufacturers Commitment" to request all suppliers to conduct transactions 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 Ching-Kuan-Cheng-Fa-Tze No. 103003989 Letter dated October 31, 2014 by the Financial Supervisory Commission.				

- **Status of implementation of internal control system**

Synnex Technology International Corp.
Internal Control System Statement

Date: March 13, 2019

This Statement of Internal Control System is issued based on the self-assessment results of the Company for year 2018.

I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and managerial officers. In this regard the Company has already established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of reporting, and compliance with applicable laws and regulations.

II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the abovementioned items, please refer to the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2018, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 13, 2019, where all attending Directors affirmed the content of this Statement.

Synnex Technology International Corp.
Chairman: Matthew Feng-Chiang Miau
President: Evans S.W. Tu

- **Penalty on the Company and its personnel or punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies and improvement: None.**

- **Important resolutions of Shareholders' Meeting and Board of Directors**

Shareholders' Meetings

Date of meeting	Summary of important resolutions	Result	Implementation status
2018.06.12	1. Approved 2017 financial statements.	Adopted.	
	2. Approved 2017 earnings distribution. Shareholder's dividend: NT$2.2 cash dividend per share.	Adopted.	August 28, 2018 was set as the distribution base date; all the dividends were paid on September 19, 2018 in accordance with the resolutions of the shareholder's meeting.
	3. Discussion on partial revision of the Company's Articles of Incorporation.	Adopted.	Registration was approved by the Ministry of Economic Affairs on June 28, 2018 and was disclosed on the Company's website.
	4. Discussion on partial revision of the Company's the Procedures for Acquisition or Disposal of Assets.	Adopted.	Announced on the Company's website on June 25, 2018 and processed in accordance with the amended procedures.

Board of Directors

Date of meeting	Summary of important resolutions	Result
2018.03.13	1. Discussion of the 2018 operating plan of the Company	Adopted by all the present directors without objection.
	2. Discussion and approval of the internal control statement.	Adopted by all the present directors without objection.
	3. Discussion on partial revision of the Company's Articles of Incorporation.	Adopted by all the present directors without objection.
	4. Discussion on partial revision of the Procedures for Acquisition or Disposal of Assets.	Adopted by all the present directors without objection.
	5. Discussion on the Company's 2017 payment of the remuneration to the employees and Directors.	Adopted by all the present directors without objection.
	6. Discussion of the Company's 2017 financial statement.	Adopted by all the present directors without objection.
	7. Determination of the 2017 earnings distribution Shareholder's dividend: NT$2.2 cash dividend per share	Adopted by all the present directors without objection.
	8. Discussion on the convention of the 2018 regular shareholders' meeting.	Adopted by all the present directors without objection.
2018.06.12	1. Discussion on the election of the Chairman: Matthew Feng-Chiang Miau was elected as the Chairman of the Board by all the present directors.	Adopted by all the present directors without objection.
	2. Discussion on the appointment of the members of the Compensation Committee.	Adopted by all the present directors without objection.
2018.08.07	1. To set the cash dividend distribution base date.	Adopted by all the present directors without objection.
2018.10.11	1. Discussed the additional indirect investment of RMB 680 million (equivalent to US$100 million) in Synnex Distributions (China) Ltd.	Adopted by all the present directors without objection.
	2. Discussed the additional US$200 million investment of the 100% owned subsidiary Synnex Global Ltd. in subsidiary Trade Vanguard Global Ltd.	Adopted by all the present directors without objection.
2019.03.13	1. Discussion of the 2019 operating plan of the Company	Adopted by all the present directors without objection.
	2. Discussion and approval of the internal control statement.	Adopted by all the present directors without objection.
	3. Discussion on partial revision of the Company's Articles of Incorporation.	Adopted by all the present directors without objection.
	4. Discussion on partial revision of the Company's the Procedures for Acquisition or Disposal of Assets.	Adopted by all the present directors without objection.
	5. Discussion on the partial revision of the Company's Procedures for Derivatives Transactions.	Adopted by all the present directors without objection.
	6. Discussion on the Company's 2018 payment of the remuneration to the employees and Directors.	Adopted by all the present directors without objection.
	7. Discussion of the Company's 2018 financial statement.	Adopted by all the present directors without objection.
	8. Determination of the 2018 earnings distribution Shareholder's dividend: NT$2.0 cash dividend per share	Adopted by all the present directors without objection.
	9. Discussion on the convention of the 2019 regular shareholders' meeting.	Adopted by all the present directors without objection.

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

- **Director objections**

The Company's 2018 and 2019 and up to the date of this year's annual report, no Directors had different opinions.

- **Resignation and dismissal of the Chairman, President, Accounting Manager, Financial Manager, Internal Audit Manager, and R&D Manager:**
None.

(4) Information on CPAs

1. Information on fees:

Name of accounting firm	Name of Accountants		Duration of audit	Remarks
PwC Taiwan	Jenny Yeh	Eric Wu	2018.01.01 - 2018.12.31	None

Amount range / Fee item		Audit fee	Non-audit fee	Total
1	Below NT$2,000,000			
2	NT$2,000,000 (inclusive) to NT$4,000,000		V(**)	
3	NT$4,000,000 (inclusive) to NT$6,000,000			
4	NT$6,000,000 (inclusive) to NT$8,000,000			
5	NT$8,000,000 (inclusive) to NT$10,000,000			
6	Greater than (or equal to) NT$10,000,000	V(*)		V(*)

* It includes service fees for domestic and overseas subsidiaries.

** A total of NT$2,320,000 in fees, which includes the system design, transfer pricing report, corporate main file, and country report project services.

*** If the Company changes accounting firm and the amount of audit fee paid is less than that in the year before, the amount and reason of audit fees before and after the change: None.

**** If the audit fee is more than 15% less than that paid in the previous year, the amount and percentage of decrease and reason: None.

2. Information on the change of CPAs: None.
3. The Chairman, President, and Financial or Accounting Managerial Officer of the Company had not worked for the Independent CPA or the affiliate in the past year.
4. Evaluation of the independence of the CPAs:
   (1) The CPA has not held the position of Director or Supervisor, Manager or a position of major influence of the Company, nor is the CPA a stakeholder and has no direct or indirect conflict of interest.
   (2) The same accountant has not performed certification services for more than seven consecutive years.
   (3) The Company has obtained a Confirmation of independence and Audit Work Declaration issued by the accountant which has been evaluated and approved by the Audit Committee and the Board of Directors. Please refer to the description on page 21.

(5) Changes in shareholdings of Directors, Supervisors, managers, and principal shareholders

Title Name	2018		2019.01.01 -2019.04.08		Remarks
	Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares	
Chairman and Overseas Operation CEO Matthew Feng-Chiang Miau	(3,320,000)	-	-	-	
Director and President Evans S.W. Tu	-	-	-	-	
Director Yang, Hsiang-Yun, Chou, T.C	13,626,000	-	-	-	Representative of MiTAC Inc.*
Independent Director Yungdu Wei	-	-	-	-	
Independent Director Yojun Jiao	-	-	-	-	
Independent Director Anping Chang	-	-	-	-	
Vice-President Beny Weii	-	-	-	-	
Vice-President James Lee	-	-	-	-	
Vice-President Rex Shiue	-	-	-	-	
Vice-President Dicky Chang	-	-	-	-	
AVP Financial Oliver Chang	(70,000)	-	(30,000)	-	

Title Name	2018 Increase (decrease) in shares held	2018 Increase (decrease) in pledged shares	2019.01.01 -2019.04.08 Increase (decrease) in shares held	2019.01.01 -2019.04.08 Increase (decrease) in pledged shares	Remarks
Treasury Manager Grace Huang	-	-	-	-	
Major shareholder MiTAC Inc.	13,626,000	-	-	-	

* Information includes only changes in shareholding and pledges of corporate shareholders.
** The counterparty of the equity transfer and pledge a related party: None.

(6) The relationships between the top ten shareholders:

NAME	SHARES HELD IN THIS PERSON'S NAME		SHARES HELD BY SPOUSE AND UNDERAGE CHILDREN		TOTAL SHAREHOLDING BY NOMINEE ARRANGEMENT		TITLES, NAMES AND RELATIONSHIPS BETWEEN TOP 10 SHAREHOLDERS (RELATED PARTY, SPOUSE, OR KINSHIP WITHIN THE SECOND DEGREE ACCORDING TO SFAS NO. 6).		REMARKS
	Shares	Percentage of shares	Shares	Percentage of shares	Shares	Percentage of shares	Name	Relationship	
MiTAC Inc. Representative: Matthew Feng-Chiang Miau	240,827,054	14.44	-	-	-	-	Matthew Feng-Chiang Miau Evans S.W. Tu	Chairman Corporate Supervisor (representative of Synnex Technology International Corp.)	
Matthew Pacific Tiger Fund investment accounts managed with HSBC acting as custodian bank	72,350,921	4.34	-	-	-	-	-	-	
Fubon Life Insurance Co., Ltd. Representative: Richard M. Tsai	55,714,550	3.34	-	-	-	-	-	-	
Cathay Life Insurance Representative: Diao-gui Huang	54,373,300	3.26	-	-	-	-	Matthew Feng-Chiang Miau	Independent Director	
Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank	43,996,907	2.64	-	-	-	-	-	-	
Lien Hwa Industrial Corp. Representative: Matthew Feng-Chiang Miau	42,201,125	2.53	-	-	-	-	Matthew Feng-Chiang Miau	Chairman	
Evans S.W. Tu	36,156,381	2.17	1,587,245	0.10	-	-	MiTAC Inc.	Corporate Supervisor (representative of Synnex Technology International Corp.)	

NAME	SHARES HELD IN THIS PERSON'S NAME		SHARES HELD BY SPOUSE AND UNDERAGE CHILDREN		TOTAL SHAREHOLDING BY NOMINEE ARRANGEMENT		TITLES, NAMES AND RELATIONSHIPS BETWEEN TOP 10 SHAREHOLDERS (RELATED PARTY, SPOUSE, OR KINSHIP WITHIN THE SECOND DEGREE ACCORDING TO SFAS NO. 6).		REMARKS
	Shares	Percentage of shares	Shares	Percentage of shares	Shares	Percentage of shares	Name	Relationship	
Public Service Pension Fund Management Board	32,935,940	1.97	-	-	-	-	-	-	
Matthew Feng-Chiang Miau	28,452,004	1.71	-	-	-	-	MiTAC Inc. Lien Hwa Industrial Corp.	Chairman	
Vanguard Emerging Markets Stock Index Fund managed account with JPMorgan Chase Bank N.A. Taipei Branch acting as custodian bank	22,256,300	1.33	-	-	-	-	-	-	

(7) Comprehensive shareholding ratio of reinvestment entities

2018.12.31

Reinvestment entities	Investment by the Company		Investments in enterprises directly or indirectly controlled by the Company		Investments by Directors, Supervisors, and managerial officers of the Company		Comprehensive investment	
	Shares	%	Shares	%	Shares	%	Shares	%
Synnex Corporation	-	-	3,859,888	7.53	590,411	1.15	4,450,299	8.68
Redington (India) Ltd.	-	-	94,295,940	24.24	-	-	94,295,940	24.24
Synnex (Thailand) Public Company Ltd.	-	-	308,126,830	40.00	-	-	308,126,830	40.00
Synnex FPT Joint Stock Company	-	-	55,854,748	47.09	-	-	55,854,748	47.09

III. Capital and shareholding

(1) Share capital source

2019.04.08

Unit: Share/thousand NT$

Share capital source	Amount	Shares	Percentage (%)
Authorized capital	202,312	20,231,233	1.21
Issuance of common stock	923,772	92,377,176	5.54
Profit to capital Increment	13,513,221	1,351,322,076	81.02
Capital surplus transferred to capital	542,000	54,200,000	3.25
Exchange of shares	224,120	22,412,000	1.34
Employee stock options	215,780	21,578,000	1.29
Convertible bonds	1,058,265	105,826,483	6.35
Total	16,679,470	1,667,946,968	100.00

(2) Category of shares

2019.04.08

Unit: Share

Category of shares	Authorized shares			Remarks
	Current outstanding shares (listed)	Unissued shares	Total	
Registered ordinary shares	1,667,946,968	532,053,032	2,200,000,000	

(3) Shareholder structure

2019.04.08

Item	Government institutions	Financial institutions	Other institutional shareholders	Personal shareholders	Foreign institutions and personal shareholders	Total
Number of shareholders	1	51	196	48,912	655	49,815
Shares held	616	214,180,483	462,610,813	338,089,993	653,065,063	1,667,946,968
Shareholding percentage (%)	0.00	12.84	27.74	20.27	39.15	100.00

(4) Distribution of shareholding

NT$10 par

2019.04.08

Shareholding range	Number of shareholders	Shares held	Shareholding percentage (%)
1 - 999	12,827	3,113,011	0.19
1,000 - 5,000	25,788	53,973,004	3.24
5,001 - 10,000	5,207	37,624,270	2.26
10,001 - 15,000	2,006	24,232,076	1.45
15,001 - 20,000	929	16,395,500	0.98
20,001 - 30,000	948	23,084,125	1.38
30,001 - 40,000	471	16,274,447	0.98
40,001 - 50,000	301	13,610,565	0.82
50,001 - 100,000	592	41,821,700	2.51
100,001 - 200,000	287	40,685,578	2.44
200,001 - 400,000	156	44,047,427	2.64
400,001 - 600,000	73	35,491,450	2.13
600,001 - 800,000	43	29,935,936	1.79
800,001 - 1,000,000	24	21,377,959	1.28
1,000,001 and above	163	1,266,279,920	75.91
Total	49,815	1,667,946,968	100.00

(5) List of major shareholders

2019.04.08

Name of major shareholder	Shares held	Shareholding percentage (%)
MiTAC Inc. Representative: Matthew Feng-Chiang Miau	240,827,054	14.44
Matthew Pacific Tiger Fund investment accounts managed with HSBC acting as custodian bank	72,350,921	4.34
Fubon Life Insurance Co., Ltd. Representative: Richard M. Tsai	55,714,550	3.34
Cathay Life Insurance Representative: Diao-gui Huang	54,373,300	3.26
Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank	43,996,907	2.64
Lien Hwa Industrial Corp. Representative: Matthew Feng-Chiang Miau	42,201,125	2.53
Evans S.W. Tu	36,156,381	2.17
Public Service Pension Fund Management Board	32,935,940	1.97
Matthew Feng-Chiang Miau	28,452,004	1.71
Vanguard Emerging Markets Stock Index Fund managed account with JPMorgan Chase Bank N.A. Taipei Branch acting as custodian bank	22,256,300	1.33

(6) Market price per share, net assets per share, earnings per share, and dividends

Unit: NT$

Item/Year		2017	2018	2019.03.31
Stock price	Highest	41.35	48.25	38.25
	Lowest	32.05	32.50	35.00
	Average	35.07	40.66	37.13
Net worth per share	Before distribution	27.08	28.52	*****
	After distribution **	24.88	N/A	N/A
Earnings per share	Weighted average shares (in thousands of shares)	1,667,947	1,667,947	1,667,947
	Earnings per share - before adjustment	3.67	3.96	*****
	Earnings per share - after adjustment*	3.67	3.96	N/A
Dividends per share ***	Cash dividend	2.20	2.00	N/A
	Dividend from earnings	-	-	N/A
	Dividend from capital reserve	-	-	N/A
	Accumulated unpaid dividends	-	-	N/A
Analysis for return on investment ****	Price-earnings ratio	9.56	10.27	N/A
	Price-dividend ratio	15.94	20.33	N/A
	Cash dividend yield	6.27%	4.92%	N/A

* As of December 31, 2018, 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 2018 is based on Board of Directors meeting on March 13, 2019.
**** Price-earnings (P/E) ratio = Average market price/Earnings per share before adjustment
Price-dividend (P/D) ratio = Average market price/Cash dividends per share.
Cash dividend yield rate = Cash dividend per share/Average market price.
***** The Q1 consolidated statement in 2019 has not been announced and is thus not disclosed here.

(7) Dividend policy and implementation status

The dividend distribution proposed by shareholder meeting
The Board of Directors meeting held on March 13, 2019, approved cash dividend distribution of NT$2.0 per share.

Divided policy
According to Article 38 of the Company's Articles of Incorporation, the Company's annual earnings, if any, should be applied to make up for losses and 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 admission in the shareholders' meeting. For the earnings distribution ratio and shareholders' cash dividend ratio, the Board of Directors shall have it determined with the consideration of the capital reserves, 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 each year since 1999 and has maintained a cash dividend per share of more than NT$1 since 2010. The Company intends to continue to maintain a stable dividend policy.

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

Unit: NTD

Item/Year			2019 (Estimate) (Distribution of 2018 earnings)
Beginning paid-in capital (in NTD thousand)			16,679,470
Distribution of shared and dividends of the current year	Cash dividend per share (NTD)		2.0*
	Stock dividend per share for capital increment from retained earnings (NTD)		-
	Stock dividend per share for capital increment from capital reserve (NTD)		-
Change in operational performance	Operating income		
	% Change in operating income (YoY)		
	After-tax net income		
	% Change in net income (YoY)		N/A *
	Earnings per share		
	% Change in earnings per share (YoY)		
	Annual average rate of return on investment (annual average E/P ratio)		
Pro-forma earnings per share and P/E ratio	If retained earnings to capital increment all converted to cash dividends	Pro-forma earnings per share (NTD)	N/A *
		Pro-forma average annual return on investment	
	If no capital surplus transferred to capital	Pro-forma earnings per share (NTD)	N/A *
		Pro-forma average annual return on investment	
	If no capital surplus transferred to capital, it will be switched to cash dividends	Pro-forma earnings per share (NTD)	N/A *
		Pro-forma average annual return on investment	

* As the Company did not announce a financial forecast for 2019, this information is not available; the distribution of 2018 is conducted in accordance with the earnings distribution approved by the Board of Directors meeting.

(9) Information on employee bonus and compensation for Directors and Supervisors

Provisions of the Articles of Incorporation

According to Article 38 of the Company's Articles of Incorporation, the Company's net income before tax before deducting remuneration to employees and Directors and after making up for losses should be applied to pay remuneration to employees for an amount not exceeding 10% and not less than 0.01% of the balance, and 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 2018 is estimated with reference to the profitability of the current period on a basis of 1 ten-thousandths and 1 thousandths, respectively.
2. The Company 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 March 16, 2007 letter Ji-Mi-Tze No. 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. On March 13, 2019, the Board of Directors approved that the proposed distribution of employee cash dividend for 2018 is NT$700,000 and remuneration for Directors and Supervisors is NT$7,000,000. The employee cash dividend is the same as the 2018 estimate. The remuneration for Directors and Supervisors had a gap of NT$500,000 compared with the NT$7,500,000 estimate in 2018. This will be listed as profit or loss in the following year.
2. The proposed distribution of stock dividends for employees is NT$0.
3. Impact of the proposed distribution of remuneration for employees, directors, and shareholders to earnings per share: None.

Actual distribution of the preceding year and treatment of differences

The employee cash dividend in 2017 was NT$700,000 and the remuneration for Directors and Supervisors was NT$7,500,000. The employee cash dividend had a gap of NT$100,000 compared with the 2017 estimate. The remuneration for Directors and Supervisors had a gap of NT$1,500,000 compared with the 2017 estimate. This has been adjusted as profit or loss in 2018.

Information on employee bonus and remuneration for Directors and Supervisors in the latest five years

Item/Year of income			2014 Distributed in 2015	2015 Distributed in 2016	2016 Distributed in 2017	2017 Distributed in 2018	2018 Distributed in 2019
Shareholder's dividend (share/NTD)	Cash		3.30	1.50	1.00	2.20	2.00
	Stocks		-	0.50	-	-	-
Remuneration for Directors and Supervisors (in NTD thousand)			7,600	6,000	6,000	7,500	7,000
Employee bonus			600	600	600	700	700
	Stocks	Amount (in NTD thousand)	-	-	-	-	-
		Shares (thousands)	-	-	-	-	-
Employee stock bonus/(employee stock bonus + shareholder stock dividends)			None	None	None	None	None
Employee stock bonus/outstanding shares at year end			None	None	None	None	None

Summary of 2017 (distributed in 2018) employee stock bonus information: None.

(10) Company buyback of shares: None.

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

(1) Global depositary receipts (GDR)

Issue date			1997.07.03	1999.09.22
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$)			139,382,100	245,380,125
Issue price per unit (US$)			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) Ltd.	1. Capital increase by cash and issue new shares 2. Release shareholder: Lex Service (Guernsey) Ltd.
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
2019.04.30 Outstanding (unit)			938,465	
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$)	2018	Highest	6.46	
		Lowest	4.21	
		Average	5.40	
	2019.01.01 - 2019.04.30	Highest	5.03	
		Lowest	4.62	
		Average	4.84	

(2) Employee stock option certificate: None

(3) Restricted stock awards: None

(4) Preferred stocks: None

(5) Corporate bonds: None

V. Mergers, acquisitions, or issuance of new shares for acquisition of shares of other companies

None.

VI. Implementation of capital allocation plan

(1) Previously issued or privately held securities that have not been completed: None.

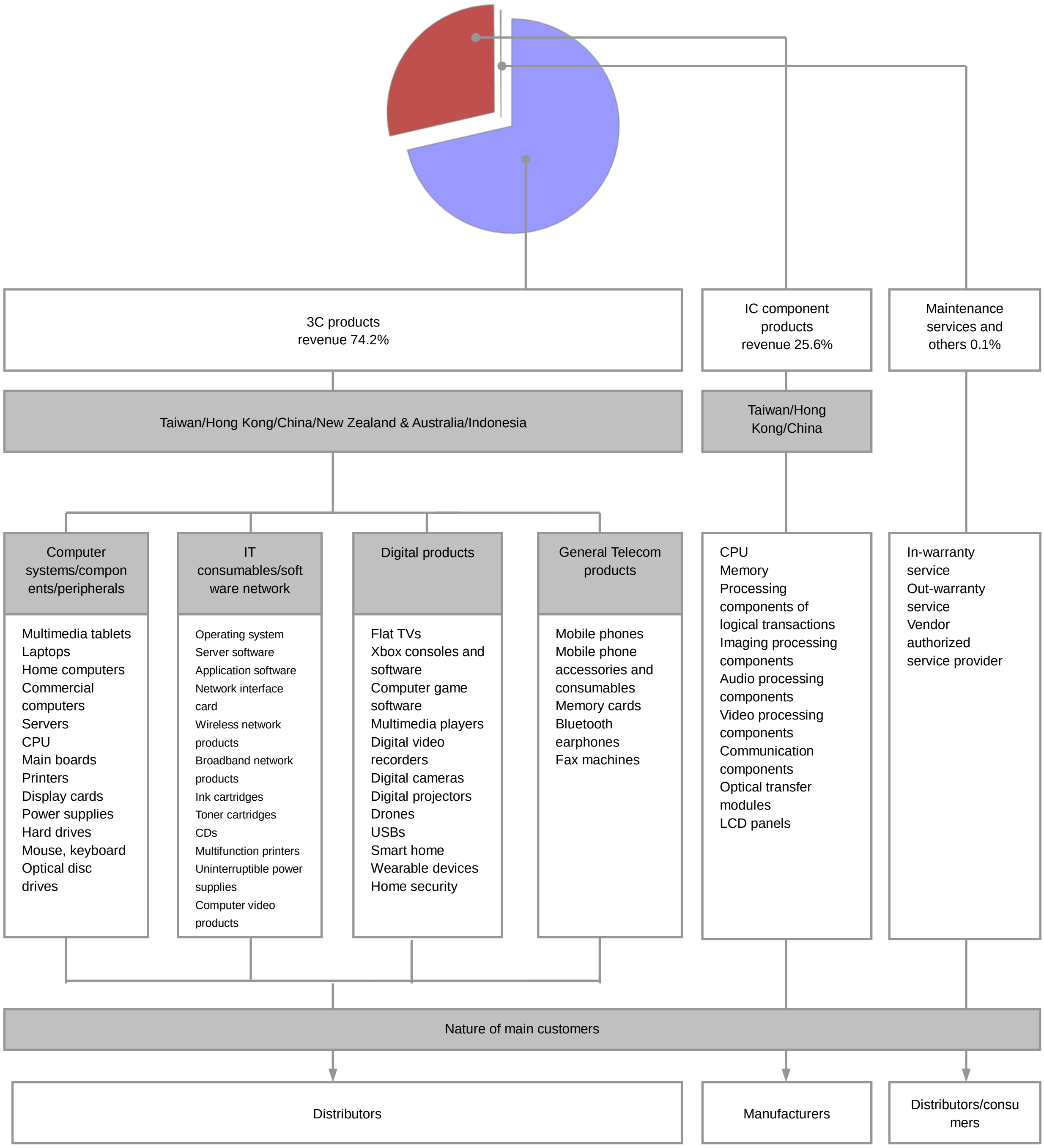
(2) Completed in the latest three years and the planned benefits have not yet appeared: None.

Business overview

Business overview

I. Scope of business

(1) Main areas of business operation and revenue distribution for 2018



(2) Developing new products (services)

New product	New service
▪ Cloud service business ▪ Smart life related products ▪ IoT related products ▪ Total solution products	▪ Smart inventory management service ▪ Third-party logistics services ▪ Technical services business

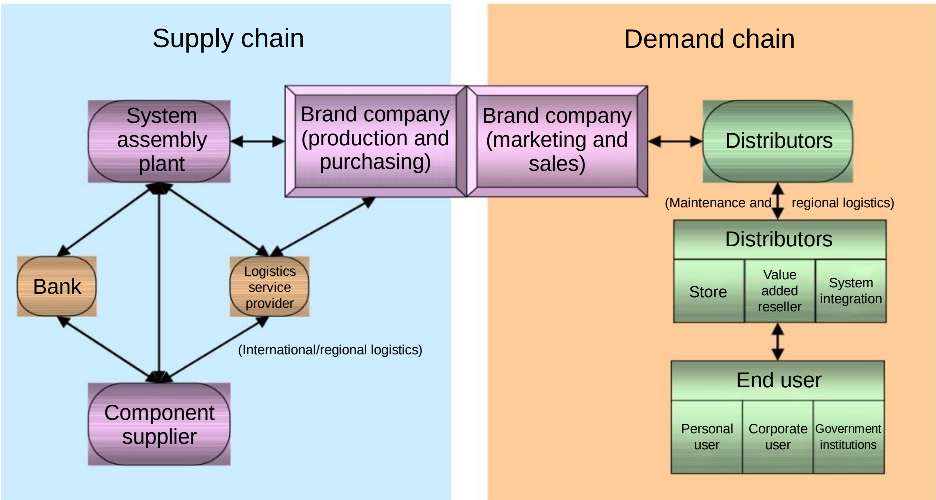
(3) Industry overview

Distribution overview of 3C products (IT and Telecom)

1. Overview of supply chain

The IT and Telecom supply chain can be divided into "supply chain" on the manufacturing side and the "demand chain" on the sales side. The supply chain focuses on the system assembly plant and the demand chain focuses on distributors. The two generate a supply-demand relationship under the production and purchasing unit and marketing and sales unit within a brand company (as shown in the figure below).

Supply chain and demand chain



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

To the distributors focused greatly on integrating demand, its value is based on the density and solidity of the channel layout for 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. If a sound operations management mechanism cannot be established, an effective economy of scale will be impeded from coming into existence.

2. Role of the distributors

The trend of the micro profit era has enabled a more sophisticated vertical integration of supply chain; that is, during the

evolution of industrial ecology, the upstream, midstream, and downstream will continuously think about, "Who responsible for what is most effective?" to improve the overall efficiency of supply chain operation and lower overall cost.
Under this major trend, in addition to the past research and development, manufacturing, marketing, and sales, the division of the industrial chain will gradually produce a finer division of labor in terms of inventory management and maintenance. Among them, the distributors' role in component inventory, finished goods inventory, and product maintenance is increasingly important, and enables distributors with comprehensive operation mechanisms and operational scale to provide greater value in the industrial chain.

3. Overview of upstream suppliers

The bigger upstream suppliers usually grow bigger, especially for the mature products with only a few brands competing in market. The manufacturer's channel policy also show signs of centralizing; that is, the number of distributors has been reduced. Thus, the large distributors at the channel level also grow bigger. Moreover, manufacturers looking for distributors increasingly stress the importance of distributor's operational capacity and financial status in order to avoid distributors who do not have sufficient operational or financial capacities to meet the manufacturer's growing market demands. Under this trend, the competitive advantage of distributors with operational capacity, solid management, and sound financial health is increasingly evident in the market.

4. Overview of downstream distributors

- Consumer IT channel: The market is moving toward the operation of large-scale IT chain stores. The rise of emerging channels such as online shopping and TV shopping is the most significant trend in consumer IT channels in recent years. The diversified products sold in chain stores and shopping websites have made management a complex task. Moreover, the price of IT products drops fast; thus, the collaboration between these channels 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 IT management capabilities are qualified to provide comprehensive support to these types of channels to form a close upstream and downstream partnership.
- Commercial IT channel: The government institutions, educational institutions, and corporations are the main sales targets that can be divided into the two categories of large-scale systems integrators (SI) and general value-added reseller (VAR). The operational characteristics of this market is that the agents and the upstream distributors provide the overall solution to the end user. Thus, a close cooperation between the agents and distributors is required for the product planning before the sale, the technical support and logistics services during the sale, and the maintenance services after the sale.
- Telecom stores channel: It is a consumer market with a focus on store distribution. Mobile phones have short lifespans and their pricing drops faster than IT products. Relatively, the telecom stores rely increasingly on the product supply capacity, logistics capability, and after-sale maintenance services of the upstream distributors.
- Telecommunications system operators channel: The direct sale or franchise chain system with telecommunication operators as the core operate through the mobile phone and phone number contract model. In addition to the supply of mobile phone products by the distributors, in recent years, the telecommunication operators have also actively sought out unique 3C products to sell together with phone numbers. They increasingly rely on the inventory management and logistics mechanism of the distributors, forming another close cooperation model.

Overview of IC components distribution

The characteristics of IC component distribution is different from that of IT and Telecom channels, as described below.

- As market exclusivity exists among same product of different vendors in terms of upstream manufacturers. Thus, it is unlikely for distributors to obtain distribution rights of the same product with different brands; with its upstream position in the supply chain and rapid update, the control of supply-demand of IC components is relatively low, which results in a higher possibility of shortage or excess of supply. To tackle the situation, IC components distributors must seek the diversification of product types to maintain the stable growth of business performance.
- The downstream customers are mostly modules and systematic products manufacturers, and are relatively lesser in number. However, each customer is relatively larger in scale and the concentration of business performance sources is relatively high, resulting in high volatility. In customer development, as IC components distributors are usually required to assist customers to adopt new design in the newly developed products (design-in), they must combine sales, product planning, and technical support to service customers jointly to expand the business successfully. The technical support capability of IC components distributors is very important. Moreover, the decreasing tolerance of losses due to decreasing prices of inventory and capital burden of vendors due to the rapid change ofIC components pricing and micro-profit trend of the overall supply chain, the distributors' sufficient logistics management ability to rapidly serve customers is one of the key factors for IC components distributors to establish market advantage.

Product development trend and competition

According to the 2019 global IT and Telecom industry trend observation made by MIC, there are seven development trends in ICT that are worthy of attention.

1. Countdown to 5G commercialization, spectrum release and basic network deployment enter the sprint

MIC, Institute for Information Industry points out the three key points of the countdown to 5G commercialization in 2019: The "5G release schedule", "basic network preparation status", and "mobile service timing". Regarding the release of 5G, more than 30 countries plan to complete the 5G spectrum release in 2019. To achieve this goal, many countries have successively developed various policies, such as lowering the spectrum bid price and utilization to speed up the 5G commercialization process.

In response to the 5G infrastructure preparation, governments of each country have adopted a more relaxed attitude towards the review of 5G base station construction, and some countries encourage co-construction to promote telecom operators to accelerate the deployment of densified 5G networks. However, telecom operators must also invest in the construction of more fiber optics while deploying the 5G base stations in 2019 to support the 5G era and the demand for transmission between a large number of base stations.

2. 5G enters the home Internet market, replacing a part of the fixed broadband network

In 2019, the home Internet market will be highly regarded, mainly because of the development of mobile broadband towards 5G. The mobile Internet speed is expected to increase to nearly 1Gbps, and it has the opportunity to differentiate itself from the fixed broadband network. Thus, there are telecom operators around the world who have already taken the lead in planning a new generation of fixed wireless access (FWA) services mainly through the access of mobile signals into their homes, hoping to replace part of the existing fixed network market.

3. Edge computing will enable more IoT environments that require immediate response

In 2019, edge computing will be able to achieve a parallel-distributed serverless environment. In the future, it is expected to respond to both diverse and complex real-time scenarios. In 2019, 5G commercialization will be a major boost for edge computing. Through the optimization of telecom equipment, edge computing will be able to enable more IoT scenarios that require immediate response. In addition, there will be more flexible architectures tailored to client-side logic in the future. In the past, suppliers provided a complete cloud computing solution that is expensive but not necessarily in line with the requirements of the demand side. In the future, customers will have more "small and beautiful" customization requirements. In recent years, in order to widen the customer base, suppliers have begun to move from pure cloud to edge computing.

4. Demand for ASIC chips increases

The demand for special application chips (ASIC) has always existed, but demand has risen since 2018. In the past, mainstream demand was centered on 3C. However, with the development of IoT, the product types are moving towards diversified development, including the development of AI, which created the demand for customized chips for cloud and terminal inference. Under this wave of demand, Taiwanese manufacturers are expected to benefit as well. In addition to the existing IC design service providers, traditional IC design vendors can also use the underlying IP accumulated in the past to develop ASIC service foundations coupled with their advanced process development experience to provide services.

5. Smart speaker market growth

In 2019, the smart speaker market will continue to grow. With the two major markets, US and China, as the focus, the four major players, Amazon, Google, Alibaba, and Baidu, will divide up the market. In observing the layout of the four leaders in 2019, Amazon and Google, which have been cultivating the US market for the past two years, will target markets outside of the US, such as: Google will add language support for more countries, including Spanish which is spoken by the second largest population in the world, and provide bilingual support to increase global product penetration; Amazon announced that Apple Music, the world's second largest music streaming service, has joined the Echo service, increasing its appeal to tens of millions of Apple music users.

6. Emotion recognition moves towards precision services, the sensing components industry is expected to benefit

In 2019, the development of emotion recognition will enter "Emotion Recognition 2.0". The two key points are "application diversity" and "emotion optimization". With the improvement of sensing components, sensing devices, and recognition technology, emotion recognition can be applied to various fields. Advertising applications are currently the most common. After 2019, it will be seen in a wider range of applications in the fields of film and television, retail, medical, education, and telephone customer service. At present, there are four common emotion recognition modes. The existing technology can interpret emotional changes from expressions, text, sounds, and physical signs. However, in the future, product services will be individualized, and corresponding services will be given according to the immediate emotional response of individual users, for example: After correctly identifying the customer's emotions, the emotion recognition software immediately gives feedback to the first line customer service staff.

7. The continued move towards "Block chain 3.0" in 2019

The application of block chain technology will spread from financial to various industries including medical, logistics, energy, IoT, agriculture, and food. The technology in 2019 will be a continuance of 2018, which is partial to the small-scale adoption and experimental phase. However, it is expected that the application scenarios of startups and each industry will flourish.

(4) Overview of Technology and R&D

Research and development operations

The most important core competencies of Synnex is business model innovation and leading operational technology. The continuous enhancement of operational technology and innovation of the business model to adapt to rapid changes in the market trend in this micro-profit era is how Synnex maintains and expands 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. The main operational technologies in the current planning, development, or promotion of Synnex include:

1. Cloud Service Platform.
2. Smart Inventory Management System.
3. Smart Risk Warning System.
4. Product Accounting Management System.
5. Commercial Business Management System.

(5) Long- and short-term business plans

Short-term business development plan

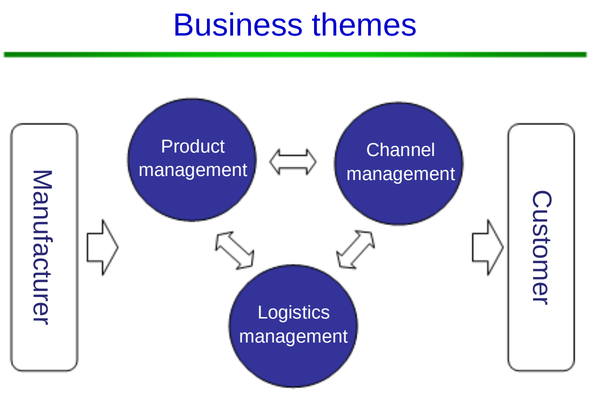
- Channel: Continue the channel cultivation plan to actively develop more terminal customers, establish complete and dense sales channels. Especially in China, continue the channel cultivation plan in all tier cities, strengthen the operations of national major chain store channels and Internet shopping channels, and actively seek opportunities for collaboration with China's telecommunications industry. In addition to continuing to expand retail store operations in Australia, actively develop commercial IT channels. In terms of Taiwan, as the operating conditions of the existing channels are fairly stable, cooperation opportunities for the cross-industry channels will be actively developed in the future.
- Product: Continue the distribution strategy in the Asia Pacific region to expand cooperation area with global brands to create a synergistic effect. At the same time, aggressively increase products related to business IT, smart living, software and cloud services, and IoT.
- Logistics: To provide customers with diversified logistics services based on the logistics network advantage.

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, the Company will continue to strengthen the solidity of internal operations management; on the other hand, the Company will continue to seek a breakthrough in products and channels, and seek for integrated synergies across 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 figure below), linking the upstream manufacturer and downstream distributors to provide integrated services for the technology industrial chain.



Actual operating activities are based on core mechanism of channel operation which includes: digital nervous system (MIS, management information system), order taking through phone calls and service center, logistics mechanism, and rapid maintenance mechanism. The digital nervous logistics service platform is established through the interlocking and pairing of the above mechanisms to effectively operate e-flow, cash flow, logistics flow, and maintenance flow. As the core mechanism of operation is interconnected for different types of channel business, Synnex is thus able to develop the channel business for different industries through the "digital nervous logistics service platform" and use the platform together with joint-venture partners to expand business scope while promoting economic efficiency of the operation and reducing operational cost along with business expansion to generate a positive cycle.

III. Core competitiveness

Broad and dense channels

With 30,000 channels in the Asia Pacific region including traditional shops, chain stores, online shopping, value-added resellers, system integrators, and telecom operators, not only is the circulation of Synnex's commodities fast, but also large in sales volume. At the same time, this is helpful in acquiring new product distribution rights.

Comprehensive product line

Synnex's product line covers IT, Telecom, consumer electronics, and electronic components. Synnex offers comprehensive categories and numerous brands to effectively meet customer procurement needs. This is helpful in channel expansion and positioning. In addition, the deep and long-term cooperation with major global brands allows Synnex to accurately grasp the direction of new product development and market trends, and be a step ahead of its competitors.

Logistics mechanism

Synnex has established dozens of logistics centers in major cities of the Asia Pacific region, which forms an extensive logistics network coverage. Logistics covers a range of functions such as warehousing, distribution, and maintenance. Synnex uses advanced automation equipment, a self-developed operation management system, and professional and disciplined operation management to establish a solid and powerful logistics capability to support business operation and development.

The four major information and communication networks

Synnex established four major information and communication networks: the management information system (MIS) network, logistics remote monitoring network, video conference network, and telecommunication network to build the foundation of Synnex's international management capabilities. Even though Synnex has operations in multiple countries and regions, internal control can still be free from space constraints. Internal communication is not affected by distance. Synnex can continue to strengthen internal control capabilities while seeking more space for development internationally for growth without the mess.

Research and development capabilities of operations management technology

The seven planning & management functions including business, technical service, logistics, risk, finance, and human resources at Synnex Headquarters combined with the Software Development Center are together responsible for business model planning, establishing the management policy, developing systems, and conducting various operational analyses and inspection and quality management, letting Synnex develop and innovate various operations technologies and continuously improve its management technology as well as strengthen the Company's core competence to achieve performance of the Group's strategy.

IV. Business strategy

Multi-brand and multi-product strategy

Synnex adopts a multi-brand and multi-product business strategy to effectively diversify operational risk and utilize the multi-brand and multi-product diversified products to attract more purchases from customers to establish a dense distribution network. This business strategy also pushes Synnex to aggressively move forward to pursue new products to prepare for future growth.

Management philosophy of 51 and 49

Suppliers and customers are important to distributors; however, Synnex places greater value on customers than on suppliers, which is the slight difference between 51 and 49. since distributors should be committed to the development and operation of the channel pipeline, customer service is the top consideration from the customer's order to the subsequent back-office support such as distribution and maintenance. In this way, with the increase of service value, a diversified channel is established, and then a dense distribution network is established. The strong channel strength makes suppliers willing to sell products through Synnex's channels. Synnex will choose the most appropriate sales channel according to the nature of each product to help suppliers obtain the best profit.

From serving customers to serving the customers of customers

Synnex's unique 3-in-1 business model of sales, distribution, and maintenance has clearly positioned distributors as professional service providers; a series of complex back-office operations is coordinated to ensure efficient and quality services. Thus, there is no need for Synnex's customers to maintain a large inventory, so inventory risk is effectively reduced. Also, they are not responsible for the cost of maintenance engineers and maintenance products inventory, so they can focus on sales. Currently, Synnex is further realizing its services for the customer's (distributor) customer (end user). The dense maintenance network and rapid maintenance and delivery greatly improves the end user's satisfaction of the after-sales service. In the future, Synnex will continue to focus on improving the service satisfaction of distributors and users as the primary goal.

Winning with the operational process

In the high-tech industry, only companies with technology or operational process advantage are able to continuously gain high profit in this micro-profit era. Through the self-developed, tailored made MIS digital nervous system that fully integrates this operational mechanism, Synnex pioneered the 3-in-1 sales, distribution, and maintenance business model and made it into a complex, sophisticated, and unique operational process "knowledge-base". It is also extremely difficult for competitors to copy the essence of this model. In this knowledge economy and micro-profit era, Synnex is able to utilize this knowledge advantage to create a barrier that no other competitor can break through.

Open channel management

Synnex adopts an open strategy for channel management, which is, the decision to work with Synnex is placed in the distributor's hands. As the operation of direct chain stores is complicated and dense locations cannot be set up, development will be limited. Moreover, contractual franchises involve subsequent management issues. Thus, Synnex attracts customers by offering multi-brand, multi-products, and high value-added services to establish a dense distributor network so that all distributors in the industry are potential customers of Synnex.

Brand name distributors

Synnex was the first to propose the concept of brand name distributors. Through the creation of word-of-mouth for the value of the services offered, distributors are more willing to purchase Synnex's products and sell them to consumers. Consumers will also consider after-sales service and proactively tell distributors that they want to purchase the products that Synnex carries as an agent.

Maximizing the advantage of economies of scale

To ensure quality and efficient services, Synnex conducts its own distribution and maintenance mechanisms. After the significant growth of revenue triggered from valued services in recent years, the advantage of economies of scale has generated far lower operating expenses for Synnex compared to that of competitors. Synnex realized that the only way to maintain stable profitability and effectively increase market share is through continuously lowering operating expenses in this competitive, micro-profit era.

Pursuing steady growth in overseas markets

Synnex currently has overseas subsidiaries set up in Hong Kong, China, New Zealand, Australia, and Indonesia that adopt a localized, stable, and step by step strategy to manage the local channel business. The complete and successful Taiwan operation experience and mechanism is copied to the subsidiaries in accordance with their development status. To complete product management, channel management, and basic logistics management, the MIS digital nervous system is transferred over first, followed by automated warehousing, and finally the maintenance mechanism, only then is logistics management complete. Moreover, Synnex also helps subsidiaries to gain right of agency for more global brands through its successful partnership experience with the suppliers in Taiwan.

An all-round logistics management service provider in the e-business era

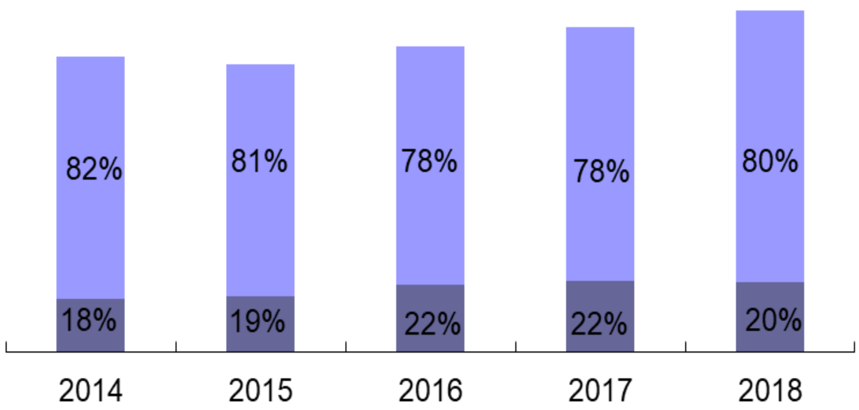
In the trend of e-commerce development, Synnex's business model will be positioned as an all-around logistics management service provider, providing complete e-commerce back-office services such as inventory management, home delivery, and maintenance for B2C operators. Synnex's current back-office operation mechanism and the MIS digital nervous system were originally tailor-made for handling "volume" transactions. Thus, no matter how the industrial environment changes in the future, Synnex can face the violent challenges of the e-business era.

V. Market and sales conditions

(1) Main sales regions

Growth trends in group revenue for the past five years

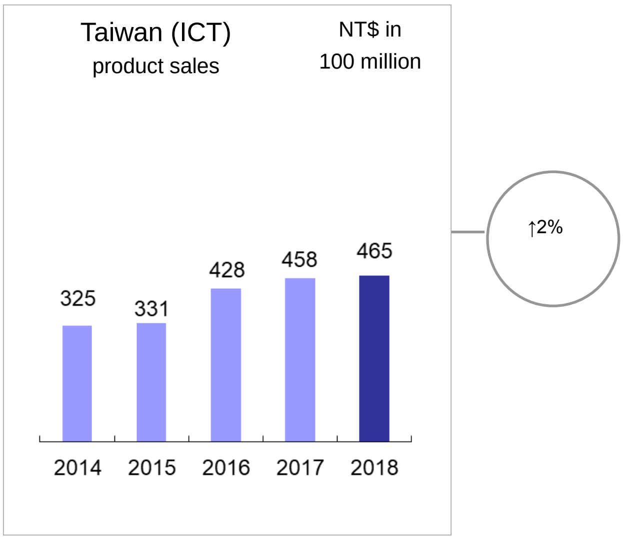
NT$ in 100 million

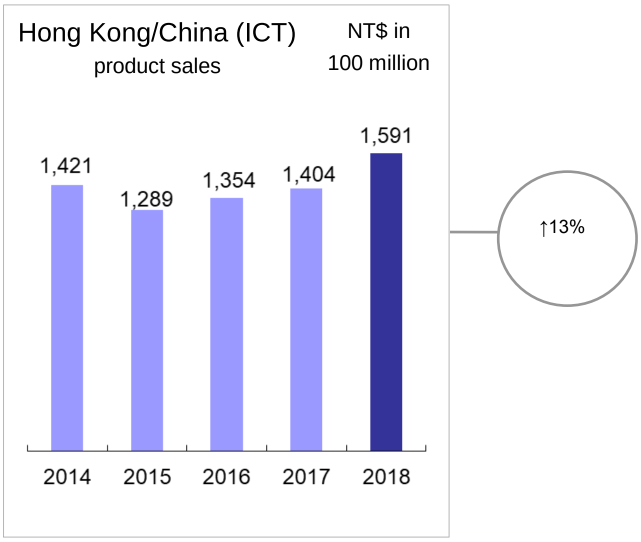


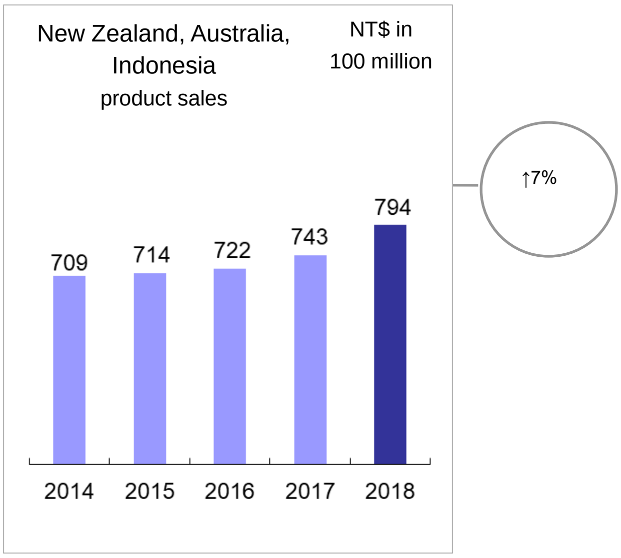
Overseas subsidiaries	2,724	2,600	2,677	2,840	3,055
Taiwan	591	621	750	802	777
Consolidated	3,315	3,221	3,427	3,642	3,832

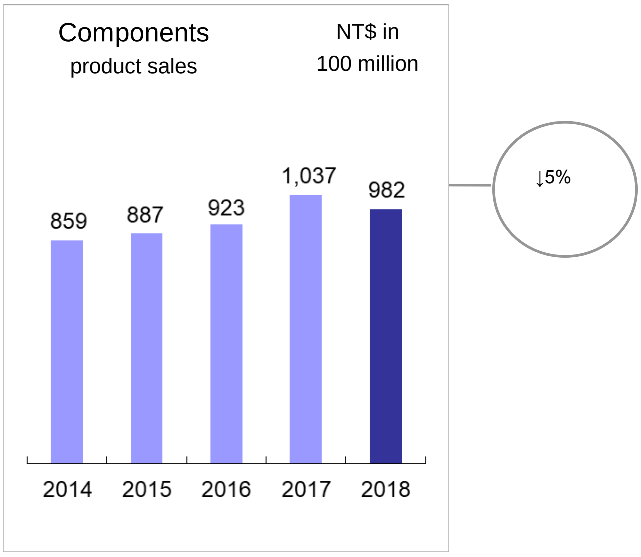
* Intercompany transaction is deducted from the selling party's operating revenue.

Growth trend in regional revenue within the group in the past five years









(2) Future market supply and demand and future growth

According to research by market research firm Gartner, global shipments of PCs, tablets, and mobile phones will reach 2.21 billion units in 2019, which is consistent with the same period last year. PC shipments will continue to decline, but the mobile phone market is expected to resume growth in 2020, increasing by 0.7% from 2019.

Many manufacturers at the Mobile World Congress (MWC) in 2019 showcased their foldable phones, which will be launched at the end of 2019. Gartner believes that foldable mobile phones are expected to inject new innovative elements into the smart phone market. It is estimated that in 2023, foldable mobile phones will account for 5% of the high-end mobile phone market, totaling 30 million units.

In 2019, traditional PC shipments is predicted to decline by 3.1% to 189 million units, and only the deluxe ultramobile market will grow. In the 2019 and 2020 global shipments of ultramobile are expected to reach 217 million units and 220 million units respectively, which accounts for an increase of 1.4% and 2.8% from the previous year. As PC manufacturers face competition for survival, consumers and enterprises will choose the suitable device combined with the operating mode when they choose between tablet and PC products. Thus, non-slate ultramobile products (hybrid and convertible laptops) became the emerging trend of the market.

In terms of personal computing devices (PCD, including traditional PCs and tablet computers) around the world, detachable tablet shipments will increase against the trend within 5 years, and the composite growth rate is estimated to be 4.6% by 2023. IDC believes that as detachable computer suppliers gradually focus on the corporate and education markets, importance in the commercial computing market will increase in the future. Among them, as more and more detachable Chrome tablets enter the market, this device created for the education market will attract more attention. As a whole, traditional PC shipments will decline slightly between 2019 and 2023 at a composite growth rate of -0.4%. IDC pointed out that some factors that suppressed demand surfaced at the end of 2018, deferring demand until the beginning of 2019. However, the CPU shortage may affect the shipments of some of the entry-level devices. IDC pointed out that the PC experience will affect the needs of various PCDs. Among them, the leading position of notebook computers (NB) will be further consolidated. It is estimated that NB will account for 40% of the overall PCD market by 2030; if NB, mobile workstations, and detachable tablets are included, the market share is 53%.

Type	2018	2019 (Estimate)		2020 (Estimate)	
	Million units	Million units	Growth rate (%)	Million units	Growth rate (%)
Traditional PC (desktops and laptops)	195	189	-3.1	183	-6.2
Ultramobile*	214	217	1.4	220	2.8
Mobile phones	1,812	1,802	-0.6	1,825	0.7
Total	2,221	2,208	-0.6	2,228	0.3

***** Ultramobile means all Ultramobile Basic and Utility devices

Synnex has become a leading distributor in Taiwan. Its overseas subsidiaries and reinvestment entities also showed impressive results locally. The local ranking of its subsidiaries and reinvestment entities in 2018 is as follows:

Region	Ranks of distributors
Hong Kong (subsidiary)	1
China (subsidiary)	2

Region	Ranks of distributors
Australia (subsidiary)	1
Indonesia (subsidiary)	1
Vietnam (reinvestment)	1
Thailand (reinvestment)	1
India (reinvestment)	1

Basic information in each region:

Region	Population (million)	GDP per capita (US$)	2018 economic growth rate (%)	Source of information
Taiwan	23.5	25,000	2.6	CIA/National Statistics, R.O.C. (Taiwan)
China	1,384.7	9,600	6.6	CIA/IMF
Hong Kong	7.2	48,500	3.0	CIA/IMF
Australia	23.5	56,400	2.7	CIA/IMF
Indonesia	262.8	3,900	5.2	CIA/IMF
Vietnam	97.0	2,500	7.1	CIA/IMF
Thailand	68.6	7,200	4.1	CIA/IMF
India	1,296.8	2,000	7.1	CIA/IMF

IC components market

For the effective operation of the semiconductor industry's supply chain, the manufacturers of upstream semiconductor parts provide product technology services 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 sustainability.

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, mobile phones, and networking; thus, the total market demand cannot be overlooked, of which, memory modules, various driver ICs, wireless telecommunications, broadband Internet, digital processing ICs, passive components, optoelectronic components, and LCD panels is the group with the highest growth. Moreover, China's companies increasingly depend on Taiwan's products. The growing demand for smartphones and tablets mean future development opportunities for the IC components industry.

(3) Favorable conditions for future development

Extensive development potential in emerging markets

Though the competition is fierce in the emerging markets, China, India, the Middle East, Thailand, Indonesia, and Vietnam, that Synnex has already entered, the overall market environment has gradually become mature and compliant, and the advantages created by Synnex's robust operations and management mechanisms will gradually expand to drive the increase in market share. As for other countries and regions where Synnex has not yet entered, there is also extensive development potential to be explored.

Integration of brand manufacturers, the trend of the big getting bigger under the economies of scale is more and more obvious

In recent years, ICT brand manufacturers have sped up integration and the formation of strong alliances between manufacturers and distributors has become a trend to create a bigger economic scale, lower operating costs, and cooperate more efficiently. The economies of scale does not only help Synnex strengthen its market position, but also creates the positive cycle of the economies of scale accelerating the reduction of operating costs and the reduction of operating costs accelerating the expansion of the scale.

New technologies and new applications changing the market rules and driving new business opportunities

Technology continues to improve and new applications are continuously introduced to the market. They not only change the way people live, but also the rules of the market. Cloud services, IoT, and AI are the most obvious examples among other technological applications. Synnex's scope of business covers the upstream, midstream, and downstream of the technology industry, which makes the Company well-equipped with more sensitive perception and quicker control on new technology applications and the development trend of the industry, allowing Synnex to prepare in advance and seize the opportunities in the new field.

Customers' increasing need of integrated services

The terminal channel market is highly competitive. When customers are more focused on the marketing competition of products, the need for back-end integrated services is even higher. Synnex provides customers with the convenience of multiple types of products, which allows the customers to buy several kinds of products in small quantities to make a complete purchase. At the same time, Synnex integrates high efficiency, high quality, and intellectualized services such as logistics services, system integration, strategic management. These services greatly reduce the operational risk and cost for customers. These services are a major characteristic and an important core competency of Synnex.

In the micro-profit era, quality service wins

Distributors' gross profit is pushed to its limit in this micro-profit era; thus, quality service determines who wins the game. Synnex's strategy is "to be a professional distributor that provides integrated services to the high-tech industrial chain". In response to the industrial chain development trend and the service demands of the upstream and downstream vendors, the Company provides solutions for operational issues and continues to develop innovative service mechanisms to keep up with the times. Synnex gradually strengthens the close cooperation with upstream and downstream manufacturers to establish the Company's indispensable role in the industrial value chain.

(4) Unfavorable factors to future development and response measures

Unfavorable factors	Response measures
The impact of the regional chain reaction and interaction is enhanced under the trend of globalization; also, the impact of local natural disasters or economic and political turbulence is broadened.	1. Diversify risk and reduce the impact of natural disasters and economic and political turbulence through multi-marketplace, multi-product, and multi-channel business strategy. 2. Focus on the main business of the Company and commit to upgrade the solidity of internal operations management, strengthen the constitution of

Unfavorable factors	Response measures
	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 the introduction of new products; thus, product cycle is shortened to approximately half a year, resulting 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 turnover to meet the inventory optimization target. 2. Adjust inventory weeks according to the development status of each product's life cycle to avoid slow moving inventory and interest burden caused by over-stocking. 3. Moderately remove types and items that do not have operational value to avoid concentration on decentralized management. 4. Master the product and technology trends. In addition to distributing star products, introduce and cultivate products with potential at appropriate time to optimize product combinations, control growth opportunities, and lower business risks.
Era of micro-profits, profit margins are low and hard to raise Mature technology and transparent information cause the 3C industrial chain upstream and downstream to move towards slim profits with difficulty in raising profit margins.	1. Committed to improve operational efficiency, continue to reduce operating costs, and increase market share with the low-cost advantage to maintain stable profitability. 2. Through precise operations analysis, calculate in detail the cost structure of each product line and set accurate product strategies. 3. Strengthen operational control through computer systems to reduce loss of gross profits

(5) Essential purposes of main products

Main products			Purpose
IT products	Personal computers	Laptops, home computers, commercial computers, servers	Personal or commercial data processing equipment
	Tablet computers	Multimedia tablets	Entertainment and data processing equipment for personal or commercial use
	Computer components	Main boards, graphics cards, input/output control cards, keyboards, power supplies, cases, cooling fans	Main components for building personal computers
	Printing devices	Inkjet printers, laser printers, multi-function printers, photo printers, 3D printers	Computer data printing equipment
	Display device	LCD displays	Computer data display equipment
	Storage devices	Hard disk drives, floppy disk drives, tape drives, CD rewritable drives	Computer data storage equipment
	Input devices	Scanners	Computer data input equipment
	Multimedia products	CD-ROM drives, sound cards, video cards, multimedia suites, audio and video disc drives, CD software, leisure software, multimedia speakers, PC cameras, LCD projectors	Processing device and software for multimedia audio, image, and information
	Networking products	Network cards, routers, bridges, Network connection devices, uninterruptible power supplies, modems, network operating systems, wireless network equipment, wireless base stations, broadband routers	Computer networking device and operating software
	Software set	Operating systems, electronic spreadsheets, word processing, integration software, databases, utilities software, anti-virus software, and other software set	Activation or application utilities software for computer users
	Consumables	Mouse, CDs, inked ribbons, ink cartridges, toner cartridges, optional accessories, consumables	Consumables and optional accessories of computer storage, printing, and input equipment
Digital products		LCD TVs, Xbox game consoles and software, DVDs, digital cameras, smart wearable devices, smart TV dongles, GPS navigation systems, event data recorders, electronic locks, anti-theft safes, drones, and webcams	Personal or home electronics
Telecom products	General telecom products	Mobile phones, consumables and accessories for mobile phones, fax machines, and mobile power banks	Consumable telecom products for personal or commercial use
IC component products		CPU, memory, logic, audio, visual, multimedia processing components, industrial components, linear components, optoelectronic components, information appliance components, LCD panels	Integrated circuits and components for the manufacturing of personal computer and electronic products

(6) The Group's list of key clients and amounts in the past two years

Procurements list

Unit: in NTD millions

Ranking	2017			2018		
	Name of supplier	Amount	Total annual net purchase ratio (%)	Name of supplier*	Amount	Total annual net purchase ratio (%)
1	A company*	72,059	20	A company*	85,999	23
2	B company*	34,510	10	B company*	36,347	10
	Other	247,388	70	Other	250,892	67
	Net purchase	353,957	100	Net purchase	373,238	100

* Not a stakeholder.

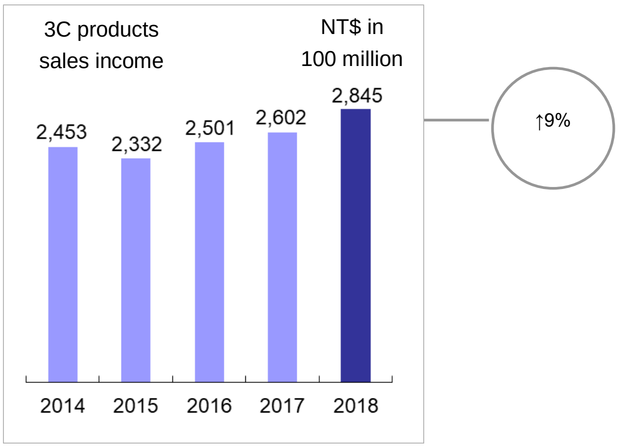
The Group has maintained good relations with major suppliers for a long period of time. Due to considerations of market changes and investment and marketing strategies, the situation of purchasing from major suppliers has changed slightly.

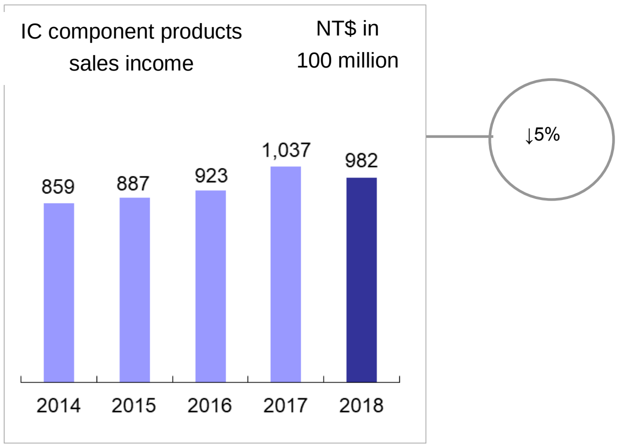
Sales list

The Group's customers are scattered and there is no excessive concentration. Thus, in the past two years, there were no customers who accounted for more than 10% of the total sales.

(7) Sales volume chart

Chart of product line revenue trends for the past five years





* Due to the wide variety and dispersion of the products sold by the Group, the product specifications and measurement units vary greatly. To avoid misleading investors, only the sales amount of each product is listed.

VI. Employees

(1) Number of employees

Item \ Year	2017.12.31			2018.12.31			2019.04.30		
	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total
Full time employees	1,794	3,506	5,300	1,828	3,644	5,472	1,789	3,588	5,377
Part-time employees	93	207	300	92	232	324	85	218	303
Total number of employees	1,887	3,713	5,600	1,920	3,876	5,796	1,874	3,806	5,680

(2) Information on employees

Item \ Year		2017.12.31	2018.12.31	2019.04.30
Number of employees	Sales	2,606	2,601	2,531
	Technology	846	1,044	1,070
	Computer	219	222	216
	Administrative	612	614	603
	Logistics	1,017	991	957
	Total	5,300	5,472	5,377
Average age		35.3	35.7	35.6
Average years of service (years)		6.5	6.7	6.8
Academic qualification (%)	PhD	0.1	0.0	0.0
	Master's degree	5.7	6.1	6.2
	University/College	83.8	83.0	82.9
	High school	9.4	10.0	10.0
	Below high school	1.0	0.9	0.9

Note: Part-time employees are not included.

VII. Environmental protection expenditure information

Though the channel business is not categorized as a highly polluted industry and poses no major environmental problems, based on the belief that earth is a part of life, the Company is still committed to actively fulfilling its environmental protection responsibility. For related measures, please refer to the description in the Performance of social responsibilities section.

VIII. Labor relations

Employee welfare

In addition to paying labor insurance and national health insurance in full according to the law in Taiwan, the Company also purchases group life insurance for its employees and established the Employee Welfare Committee, arranges various group construction activities and established a health-promoting environment, and provides employees with sufficient securities and a secure 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

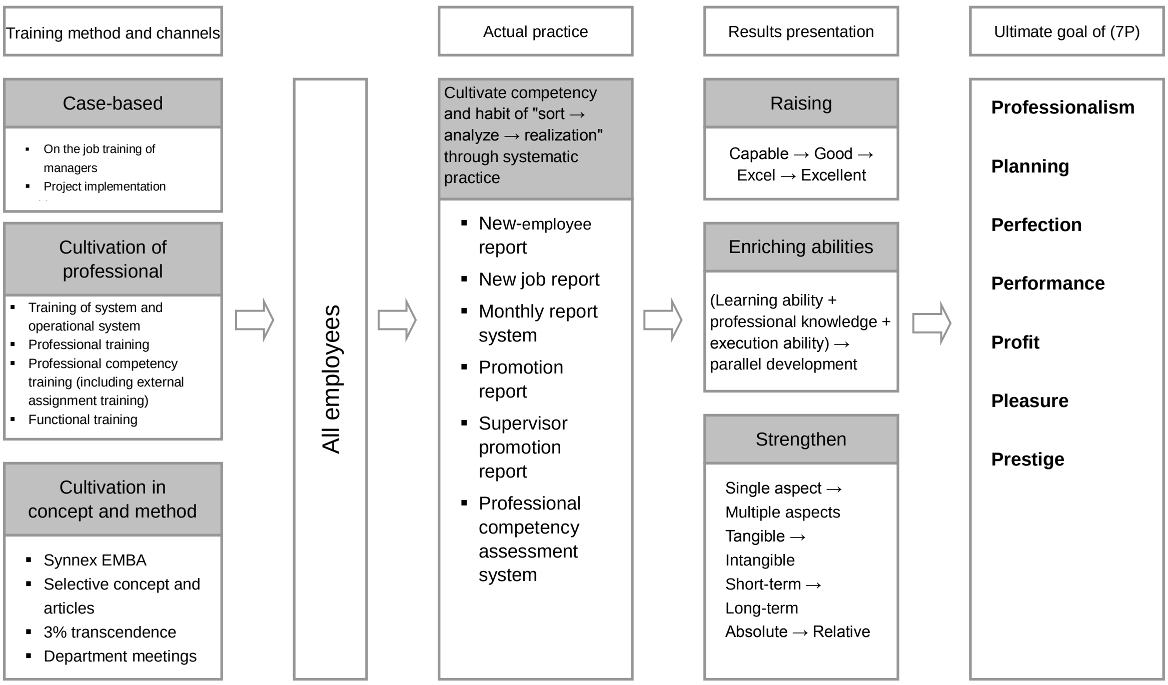
Synnex has retirement matters handled in accordance with the requirements of the Labor Standards Act and Labor Pension Act and formed the Employee Pension Reserve Committee. The new pension system has been implemented in accordance with the Labor Pension Act since July 2005 with pensions reported and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

Labor agreement

In addition to normal organizational systems, employee-employer 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 to build mutual understanding and promote a harmonious atmosphere in the Company. No significant labor dispute or loss has occurred in 2018 and 2019 up until now.

Employee training

Synnex regards employees as an important intangible asset. Thus, Synnex is devoted to employee training. A complete employee training system (as shown below) has been constructed after years of effort. It is believed that the outstanding employee quality will be the biggest weapon in helping Synnex stand out amongst future competition.



IX. Important contracts

Nature of contract	Contract subject	Contract start and end dates	Main content	Restriction clauses
Tenancy	Cathay Life Insurance	2019.01-2023.12	The rent is NT$1,845/month/ping, and the office area is currently 2,386.64 pings.	None

* Most of the general distribution contracts are changed every year, and there are many distribution products and each item has little effect on the overall sales, so details will not be provided here.

Financial Overview

Financial Overview

I. Consolidated condensed balance sheet for the past five years

Unit: in NTD millions

Item/Year	2014*	2015*	2016*	2017*	2018*
Current assets	111,760	108,630	102,183	110,661	117,683
Fixed assets/property, plant, and equipment	6,737	7,061	6,835	6,857	6,919
Intangible assets	413	450	703	641	632
Funds and investments/other assets	17,006	18,646	18,110	20,642	22,284
Total assets	135,916	134,787	127,831	138,801	147,518
Current liabilities					
Before distribution	84,996	90,345	83,323	91,346	97,360
After distribution	90,238	92,728	84,991	95,015	100,696
Long term and other liabilities/noncurrent liabilities	4,712	567	626	693	798
Total liabilities					
Before distribution	89,708	90,912	83,949	92,039	98,158
After distribution	94,950	93,295	85,617	95,708	101,494
Equity attributable to owners of parent	45,327	42,818	42,572	45,171	47,570
Capital stock	15,885	15,885	16,679	16,679	16,679
Capital reserve	14,331	14,140	14,196	14,365	14,847
Retained earnings					
Before distribution	14,986	12,920	14,534	18,947	22,221
After distribution	9,744	10,537	12,866	15,278	18,885
Other adjustments on Stockholder's equities/other equity	124	(127)	(2,837)	(4,821)	(6,177)
Treasury stock	-	-	-	-	-
Non-controlling interests	882	1,057	1,310	1,590	1,790
Total shareholder's equity					
Before distribution	46,208	43,875	43,882	46,762	49,360
After distribution	40,966	41,492	42,214	43,093	46,024

* Financial statement of the respective year has been audited.

** Asset revaluation has 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 2018 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: in NTD millions
(Except for earnings per share in NT$)

Item/Year	2014*	2015*	2016*	2017*	2018*
Operating revenue	331,533	322,133	342,696	364,208	383,195
Gross profit	11,525	11,592	12,131	12,861	14,498
Operating income	4,450	3,949	4,269	4,931	5,412
Non-operating income and expenses	1,767	(211)	1,456	2,948	2,566
Net income before tax	6,217	3,738	5,725	7,879	7,978
Net income from continuing operations	5,255	3,419	5,124	6,414	6,913
Loss from discontinued operations	-	-	-	-	-
Net income of the current term	5,255	3,419	5,124	6,414	6,913
Other comprehensive profit/losses for the current period (net, after-tax)	1,986	(318)	(2,724)	(2,119)	(1,018)
Total comprehensive income of the term	7,241	3,101	2,400	4,295	5,895
Net income attributable to owners of the parent	5,024	3,186	4,876	6,115	6,608
Net Income attributable to non-controlling interests	231	233	248	299	305
Total comprehensive income attributable owners of the parent	7,124	2,926	2,147	4,115	5,689
Total comprehensive income attributable to non-controlling interests	117	175	253	180	206
Earnings per share - before retroactive adjustment	3.16	2.01	2.92	3.67	3.96
- after retroactive adjustment **	3.01	1.91	2.92	3.67	3.96

* Financial statement of the respective year 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, 2018.

III. Consolidated financial analysis for the last five years

	Analysis item ***	2014*	2015*	2016*	2017*	2018*
Capital structure analysis	Debt-to-asset ratio (%)	66	67	66	66	67
	Long-term fund to Fixed assets/property, plant, and equipment ratio (%)	733	606	623	659	699
Liquidity analysis	Current ratio (%)	131	120	123	121	121
	Quick ratio (%)	92	78	79	78	74
	Interest Protection Multiples	10	5	10	15	12
Operating ability	Average collection turnover (times)	7.3	7.0	7.2	6.9	6.7
	Average days sales outstanding	50	52	51	53	54
	Average inventory turnover (times)	9.9	9.2	9.4	9.9	9.4
	Average inventory turnover (days)	37	40	39	37	39
	Average payment turnover (times)	10.5	10.2	10.8	10.2	9.6
	Fixed assets/property, plant, and equipment turnover (times)	52.7	46.7	49.3	53.2	55.6
	Total assets turnover (times)	2.5	2.4	2.6	2.7	2.7
Profitability	Return on assets ratio (%)	4.3	2.9	4.1	5.0	5.0
	Rate of return on shareholder equity/equity (%)	11.4	7.2	11.4	13.9	14.3
	Paid-in capital ratio (%) - operating income	28.0	24.9	25.6	29.6	32.5
	Paid-in capital ratio (%) - income before tax	39.1	23.5	34.3	47.2	47.8
	Net profit margin (%)	1.5	1.0	1.4	1.7	1.7
	Earnings per share - before retroactive adjustment (NTD)	3.16	2.01	2.92	3.67	3.93
	Earnings per share - after retroactive adjustment (NTD)	3.01	1.91	2.92	3.67	3.93
Cash flow	Cash flow ratio (%)	5.9	**	9.9	3.0	**
	Cash flow adequacy ratio (%)	11.9	**	27.7	52.3	44.1
	Cash reinvestment ratio (%)	1.2	**	14.0	2.3	**
Leverage	Operating leverage	1.7	1.8	1.8	1.5	1.6
	Financial leverage	1.2	1.3	1.2	1.1	1.1

* Financial statement of the respective year has been audited.

** Is negative and therefore not listed.

*** For the calculation formula for the financial ratio, please refer to the description in Attachment 3.

Discrepancy:

1. Interest Protection Multiples: This year's decrease by 20% compared with the previous year was mainly due to the increase in business scale and the increase in short-term borrowings, resulting in an increase in interest expenses.

IV. Names of auditing CPAs of the most recent five years and their audit opinions

Auditing year	Name of firm	Name of Accountants	Audit opinion
2014	PwC Taiwan	Eric Wu, Chou, Chien-Hung	Modified unqualified opinion
2015	PwC Taiwan	Eric Wu, Chou, Chien-Hung	Modified unqualified opinion
2016	PwC Taiwan	Jenny Yeh, Eric Wu	Unqualified opinion
2017	PwC Taiwan	Jenny Yeh, Eric Wu	Unqualified opinion
2018	PwC Taiwan	Jenny Yeh, Eric Wu	Unqualified opinion

V. Financial turnover difficulties of the Company and its related companies

None.

VI. Audit Committee's report

Synnex Technology International Corp.

Audit Committee's report

The Board of Directors has prepared and submitted the 2018 business report, financial reports (including consolidated and individual financial reports), and earnings distribution proposal. The Board of Directors have appointed accountant Jenny Yeh and accountant Eric Wu of PwC Taiwan to audit the financial statements and they have submitted an audit report. The Audit Committee has reviewed the business report, the financial reports, and the earnings distribution proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

To

Synnex Technology International Corp. 2019 General

Shareholders' Meeting

Synnex Technology International Corp.
Chairman of the Audit Committee: Yungdu Wei

March 13, 2019

Financial status, financial performance analysis, and Risk Management

Financial status, financial performance analysis, and Risk Management

I. Review and analysis of financial status and financial performance

(1) Analysis of financial status

Unit: in NTD millions

Item/Year	2017	2018	Net change	
			Amount	%
Current assets	110,661	117,683	7,022	6
Equity-accounted investments	13,032	14,490	1,458	11
Property, plant and equipment	6,857	6,919	62	1
Intangible and other assets	8,251	8,426	175	2
Total assets	138,801	147,518	8,717	6
Current liabilities	91,346	97,360	6,014	7
Non-current liabilities	693	798	105	15
Total liabilities	92,039	98,158	6,119	7
Capital stock	16,679	16,679	-	-
Capital reserve	14,365	14,847	482	3
Retained earnings	18,947	22,221	3,274	17
Other interests	(4,821)	(6,177)	(1,356)	(28)
Non-controlling interests	1,590	1,790	200	13
Total equity	46,762	49,360	2,598	6

Analysis:

Current assets and current liabilities (↑NT$7,022 million, 6%; ↑NT$6,014 million, 7%)

The increase in current assets is mainly due to the increase of notes and accounts receivable by NT$1,464 million (↑3%) and the inventory increase by NT$4,541 million (↑13%). The increase in current liabilities is mainly due to the increase of short-term borrowings by NT$4,695 million (↑13%), 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 average payment turnover days for 2018 were 54 days and 38 days respectively; inventory turnover days were 39 days, and net business cycle days were 53 days (days sales in accounts receivable + inventory turnover days - average payment days), which is a 1-day difference with the 54 days of 2017. 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 higher purchase discounts.
2. The net loan outstanding (short-term borrowing + short-term bills payable - cash and cash equivalents) in 2018 amounted to NT$42,791 million that represented an increase of NT$3,845 million from the NT$38,946 million in 2017 due to the need for funds for the larger business scale. Since the Group's solvency indexes are good and has sufficient borrowing quota to support short-term high funding needs, there is no problem in short-term liquidity. In prospect of long-term funding needs, the financial leverage risk and return on shareholder's equity will be considered equally; if necessary, funds will be raised from the capital market in time.

Retained earnings (↑NT$3,274 million, 17%)

Mainly due to the special reserve of NT$1,983 million set aside this year and that the net profit this year increased compared to that of the last year.

Other interests (↓NT$1,356 million, 28%)

Mainly due to the fluctuating foreign currencies in 2018, causing the negative figure in the conversion of the accumulated long-term investments under the shareholder's equity.

(2) Analysis of financial performance

Unit: in NTD millions

Item/Year	2017	2018	Net change	
			Amount	%
Operating revenue	364,208	383,195	18,987	5
Operating costs	(351,347)	(368,697)	17,350	5
Net gross profit	12,861	14,498	1,637	13
Operating expenses	(7,930)	(9,086)	1,156	15
Operating income	4,931	5,412	481	10
Non-operating income and expenses	2,948	2,566	(382)	(13)
Net income before tax	7,879	7,978	99	1
Income tax expense	(1,465)	(1,065)	400	27
Net income of the current term	6,414	6,913	499	8

Analysis:

Total revenue, operating cost, and gross profit (↑NT$18,987 million, 5%; ↑NT$17,350 million, 5%; ↑NT$1,637 million, 13%)

The Taiwan region saw revenue up by 2%, Hong Kong/China saw revenue up by 13%, Australia, New Zealand, and Indonesia saw revenue up by 7%. 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, thus high growth forecast is maintained. Gross profit margin for the year is 3.8%, which is a increase of 0.3% compared to the previous year.

Operating expenses (↑NT$1,156 million, 15%)

The increase in relevant operating expenses is mainly due to the increase in business scale. The operating expenses in 2018 increased slightly to 2.37% from the 2.18% in 2017. Compared to the operating expense ratio of those in the same industry, this is still fairly low. It is obvious that the Company's active control of costs and expenditures and economic scale have shown benefits.

Operating income (↑NT$481 million, 10%)

Due to the gross profit increase and the appropriate management of the operating expenses, the 2018 operating income increased by NT$481 million compared with that of the previous year. In the future, in response to the of micro profit trend, the Group plans to focus on improving the revenue growth coupled with effectively enhancing or maintaining net profit margins to maximize operating profit margin to increase the return on shareholder's equity.

(3) Cash flow analysis

Analysis of cash flow changes

Unit: in NTD millions

Item/Year	2017	2018
Net cash inflow (outflow) from operating activities	2,702	(631)
Net cash inflow (outflow) from investing activities	(1,850)	1,202
Net cash inflow (outflow) from financing activities	(1,029)	(63)

Analysis:

Operating activities

Cash flow from operating activities changed from inflow to outflow. The consolidated net earnings this year increased, but the cash outflow of inventory increased due to the expansion of the business scale.

Investing activities

Cash outflow from investing activities changed from outflow to inflow mainly because the investment under equity method increased by NT$1,373 million and the pledged and mortgage certificate deposit increased by NT$1,833 million.

Financing activities

Cash flow from financing activities decreased compared with the previous year mainly due to the increase of short-term borrowing this year.

Remedial action for cash deficit and liquidity analysis for 2018

Unit: in NTD millions

Beginning cash balance (1)	Full year's operating activities Net cash inflow (outflow) (2)	Full year's other activities Net cash inflow (outflow) (3)	Ending cash balance (1) + (2) + (3)	Cash surplus (deficit) amount	Remedial measures for cash deficit	
					Investment plans	Financing plans
5,715	(631)	591	5,675	(3,610)	-	Bank borrowings

Analysis:
The Company has sufficient borrowing quota to support short-term high funding needs. When the funds are sufficient, the Company will pay the loans back in a timely manner to improve the capital structure.

Cash flow forecast of 2019

Unit: in NTD millions

Beginning cash balance (1)	Full year's operating activities Net cash inflow (outflow) (2)	Full year's other activities Net cash inflow (outflow) (3)	Ending cash balance (1) + (2) + (3)	Cash surplus (deficit) amount	Remedial measures for cash deficit	
					Investment plans	Financing plans
5,675	(2,820)	3,150	6,005	(6,240)	-	Bank borrowings

Analysis:
The Company has sufficient borrowing quota to support short-term high funding needs. When the funds are sufficient, the Company will pay the loans back in a timely manner to improve the capital structure.

(4) The effects that significant capital expenditures have on financial operations in the recent year

Major capital expenditures and their source of funds

Unit: in NTD millions

Planned item	Actual or estimated source of funds	Estimated end date of projects	Total funding needed	Actual or estimated capital expenditures			
				2016	2017	2018	2019
Establish/expand logistics centers in each locations	Own capital	Compile budget annually	Compile budget annually	333	282	359	174

Anticipated benefits

The effective and quality back-office logistics operations is Synnex's core competitive advantage, each logistics center has fully developed its effectiveness to facilitate the growth of Synnex's business and established a solid foundation for subsequent business growth. Synnex will increase the ratio of overseas capital expenditure to meet the needs of rapid growth of business in the next few years.

(5) Review and analysis of investment

Overall investment policy

Unit: in NTD millions

Item	2018.12.31 Balance of investment	Investment policy of the coming year
Equity-accounted investments	14,490	The Group does not have any significant investment or disposition plan on Synnex Corporation (US), Redington Group (India), Synnex Thailand, and Synnex FPT (Vietnam).
Financial assets at fair value through profit and loss	738	In addition to the disposition of non-performing minor investments, the Company does not have any investment or disposition plans.
Financial assets at fair value through other comprehensive income	2,585	In addition to the disposition of non-performing minor investments, the Company does not have any investment or disposition plans.

Review and analysis of important investments

Unit: in NTD millions

Item	2018.12.31 Percentage of shares	2018 Investment gain	Policy	Major reason of operating profit or loss	Improvement plan	Investment plan of the coming year
Synnex Corporation (US)	7.53%	851	Long term holding	This company is categorized as IT product and telecom channel service provider, mainly engaged in Europe, the United States, and Japan. This company's net income reached NT$9,024 million in 2018. The Company recognized investment income under the equity method.	N/A	Currently no major investment or disposition plan.
Redington (India) Ltd. (India)	24.24%	508	Long term holding	This company is categorized as IT and telecom product channel service provider, mainly engaged in India, the Middle East, and Africa. This company's net income reached NT$2,142 million in 2018. The Company recognized investment income under the equity method.	N/A	Currently no investment or disposition plan.
Synnex(Thailand) Public Company Ltd. (Thailand)	40.00%	270	Long term holding	This company is categorized as IT and telecom product channel service provider, mainly engaged in Thailand. This company's net income reached NT$675 million in 2018. The Company recognized investment income under the equity method.	N/A	Currently no investment or disposition plan.
Synnex FPT Joint Stock Company (Vietnam)	47.09%	214	Long term holding	This company is categorized as IT and telecom product channel service provider, mainly engaged in Vietnam. This company's net income reached NT$456 million in 2018. The Company recognized investment income under the equity method.	N/A	Currently no investment or disposition plan.
MiTAC Inc. (Taiwan)	18.36%	28	Long term holding	This company is categorized as a systems integration value-added service provider. With the 2017 cash dividend of NT$0.5 per share in 2018, it is recorded by Synnex in financial assets at fair value through other comprehensive income and recognized as dividend income.	N/A	Currently no investment or disposition plan.

II. Risk management

(1) Impact of interest rate, exchange rate changes, and inflation on Company's profit and response measures

<table>
<tr><th>Risk item</th><th>Risk factor</th><th>Impact on Company's income</th><th>Response measures</th></tr>
<tr><td>Interest rate</td><td>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 shareholder's equity. However, the fluctuation of interest rate may have certain risk on the Company's operation.</td><td>Unit: in NTD millions
<table>
<tr><th></th><th>2017</th><th>2018</th><th>Variation (%)</th></tr>
<tr><td>Average loan balance</td><td>44,384</td><td>46,564</td><td>5</td></tr>
<tr><td>Average net outstanding loans*</td><td>37,789</td><td>40,869</td><td>8</td></tr>
<tr><td>Interest expense</td><td>579</td><td>701</td><td>21</td></tr>
<tr><td>Net interest expense**</td><td>205</td><td>312</td><td>52</td></tr>
</table>
* Average net outstanding loans = average loans - average cash and cash equivalent.
** Net interest expense = interest expense - interest income.</td><td>1. Financial leverage must be balanced with increase in return on equity; thus, when financial leverage reaches a set risk 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 the Group's scale and good performance to negotiate prime rate from financial institutions.</td></tr>
<tr><td>Exchange rate</td><td>The characteristics of each product line are described below:
IT products: Certain percentage of this product line is imported (mostly denominated in US$), sale of goods is mostly denominated in</td><td>Unit: in NTD millions
<table>
<tr><th></th><th>2017</th><th>2018</th><th>Variation (%)</th></tr>
<tr><td>Net exchange gains (losses)</td><td>410</td><td>(180)</td><td>(144)</td></tr>
</table></td><td>1. For NT$ 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.</td></tr>
</table>

Risk item	Risk factor	Impact on Company's income	Response measures
	local currency, and there is certain exchange risk. **Telecom products:** Purchase and sales of goods is local and is denominated in local currency; thus, there is no exchange risk. **IC components:** This product line is mainly imported (mostly denominated in US$), sale of goods is mostly denominated in US$, but there still is certain exchange risk.	Description: The net foreign exchange interest in 2018 was a loss of approximately NT$180 mainly due to the depreciation of RMB.	2. The overseas subsidiaries use forward exchange contract to avoid exchange risk. 3. For RMB to US$, the Company mainly reduces the fluctuation of exchange gain (loss) through lowering US$ 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 result in operational risk of a reduction in sales or gross margin on sales.	The inflation (deflation) rate in 2018 of where the Company and its overseas subsidiaries are located are as follows: Taiwan: 1.5% Hong Kong: 2.4% China: 2.1% Australia: 2.0% Description: As inflation is not significant in each country, there is no major impact on the Company's operations in 2018.	"Multi-brand, multi-product" is an important policy of the Company's product management. Thus, under inflation, products significantly impacted by inflation only accounts for a small proportion, effectively avoiding the overall operational risk of centralized products.

(2) High-risk, high-leveraged investments, lending, endorsement guarantees, and derivatives transactions

Risk item	2018 implementation status	Group policies and response measures
High risk and high leverage investments	None.	The operational policy of the Group focuses on the operation of regular business; thus, the Group does not invest in this type of product.
Lending to others	Lending exists only between parent-subsidiary relations in 2018.	1. Lending to others will require Board of Directors' resolution. 2. Lending to (1) Companies that have business relations with the Group. (2) Subsidiaries with short-term capital requirement. 3. The Group has stipulated "procedures for lending to others" to strictly control lending operation.
Endorsements and guarantees	1. Endorsements exist only between parent-subsidiary relations in 2018. 2. No endorsement loss in 2018.	1. Endorsements and guarantees will require Board of Directors' resolution. 2. Endorsements and guarantees for (1) Companies that have business relations with the Group. (2) Companies that directly and indirectly hold more than 50% voting interest. (3) Inter-company or co-builder endorsement due to contract requirement, or co-investment relationship and all shareholders endorse for the company in accordance with their shareholding. (4) Companies that directly and indirectly hold 100% voting interest. 3. The Group has stipulated "procedures for endorsements and guarantees" for strict control.
Derivatives transactions	The Group has purchased forward exchange contracts to avoid foreign exchange risk in 2018, as gain/loss from hedging transactions have been offset by its gain/loss, no actual gain/loss is generated.	The group does not carry out speculative derivative trading; trading of derivative products is for hedging purpose only. All transactions are strictly controlled in accordance with "procedures for derivative transactions" stipulated by the Group.

(3) Other

Risk item	Risk factor	Impact on the Company in 2018	Response measures
Product R&D	As the Company is in the channel business, the risk of product R&D is concentrated solely on suppliers or customers. However, in order to expand IC components business, the Group has established a dedicated department responsible for research and development with results to be transferred to customers to attract future purchase orders of IC components.	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 resources if it insists on this position, and the final risk of R&D is borne by the customers.
Change of government policy and regulations	As the Company is a channel business with strong logistics capabilities, the risk of product R&D focuses solely on suppliers or customers. At present, the industrial policies of the governments of each country in which the Company is located tend to encourage the development of high value-added logistics operations, especially in Taiwan and the China. Thus, the risk of change of government policies and regulations is limited at present.	There are no major changes in government policies and regulations.	The Company will continue to observe and analyze the future direction of government policies and regulations in order to facilitate immediate response.

Risk item	Risk factor	Impact on the Company in 2018	Response measures
Change of technology	The Company's product range is mostly high-tech products; thus, sales change triggered by change of technology will result in operational risk, for example, unable to become an agent for innovative products.	The Company's product distribution rights have both increased and decreased.	"Multi-brand, multi-products" is the important policy of the Company's product operation. The products that the Company distributes includes most well known global brands. In general, most major brands have good control of the technology advantage; thus, the Group's operational risk is effectively reduced.
Change of corporate image	As the end-user of the Company's IT and Telecom products are consumers, corporate image is very important to the Company's operation.	The corporate image of the Company remains positive and there is no event that significantly damaged the Company's image.	1. Strengthen the service skills of the customer service department, and fully utilize the functions of customer feedback and consumer complaint mailbox. 2. In case of major consumer disputes, an inter-departmental team shall be formed to keep the situation from worsening.
Mergers and acquisitions	Mergers and acquisitions can facilitate the expansion of product distribution and range while expanding market share. However, there are risks of overpricing, under-valuing liability, and failure in integration.	The Company did not participate in any mergers and acquisitions.	N/A.
Expansion of plants	Synnex's core competitive advantage is effective and quality back office logistics operation that enhances value added services, expands market share, and enhances overall performance. However, there exists risks of poor cash flow resulting from over-expansion, low utilization, or idleness.	The cost of establishment or expansion of logistics centers was approximately NT$284 million.	**Before expansion**: Careful evaluation of investment effectiveness and cost. **After expansion**: Introduce successful operational experience and management to develop its effectiveness.
Centralized purchasing or sales	The risk of centralized purchasing is the impact to the Company's performance when distribution rights or when the represented product has lost its competitiveness. The risk of centralized sales is the significant impact to the Company's performance when loosing a customer.	The Company does not have over centralized purchasing and sales issues. See the statistics of the "Group's list of key clients and amounts in the past two years".	"Multi-brand, multi-products" and "open channel management to establish dense reseller network" is the Company's operational strategy, which can also effectively avoid risk of centralized purchasing and sales.

Risk item	Risk factor	Impact on the Company in 2018	Response measures
Mass transfer or change of shares of directors, supervisors, or shareholders holding more than 10% interest	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 relevant situations and the disclosure of information.
Change in management rights	May have significant impact to shareholder rights and Synnex's share price.	There is no change in management rights.	The Company will promptly publish major information shall there be any change in management rights.
Information security	Information security risk refers to the threat that may affect the assets, processes, and operating environment of the entire enterprise organization. The business operations of the Company are highly dependent on the establishment and development of information systems. Thus, the control of information security is very important to avoid losses due to information confidentiality, integrity, or availability.	Strengthen the implementation of the information security policy, continue to obtain information security certifications, and demonstrate the professionalism and security of Synnex's information systems both internally and externally.	1. Actively establish a comprehensive monitoring and management system to ensure the health of software and hardware operations in a timely manner. 2. Strengthen the analysis and scanning of security threats and system vulnerabilities establish a risk event database, control the risk events and levels that may exist in the enterprise, and continue to track improvement. 3. Conduct business continuity plan (BCP) drills each year to reduce the Company's possible external factors, such as: business losses caused by hacking and attacks, network outages, etc.
Litigation or non-litigation events	Major litigation and non-litigation events of the Company and 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 Synnex's share price.	Description below	With the established reporting system, the Company will minimize the damage through honest, fast, and open process.

The concluded or pending litigious, non-litigious, or administrative litigation event as of the date of report is described as follows:

1. Kunhao (Kunshan) Electronics Co., Ltd. brought up a suit against Syntech Asia Ltd. at the High Court of Hong Kong on November 24, 2015, claiming that Syntech Asia Ltd. violated its verbal sales commitment with Kunhao on July 7, 2014. Kunhao claimed a compensation of US$2,964,000 from Syntech Asia Ltd. Syntech Asia Ltd. found the claim 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 the suit on February 1, 2016. The litigation is currently in judiciary proceedings and the result of it is unknown. Thus, the Company did not account for the possible loss of the lawsuit.
2. 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, claiming that Synnex and Synnex Electronic Hong Kong Ltd. did not clearly state the limit of the warranty responsibility when selling products, which had violated the distribution contract signed with Fairchild, causing Fairchild to suffer from too much warranty liabilities. Regarding the loss of the liabilities, Fairchild claimed a compensation of approximately US$30,000,000 against Synnex and Synnex Electronic Hong Kong Ltd. Regarding the litigation, Synnex and Synnex Electronic Hong Kong Ltd. argued that Fairchild violated personal jurisdiction and that the reasons for litigation were insufficient. The US district court concurred the joint agreement of Fairchild Semiconductor Corporation, Synnex, and Synnex Electronic Hong Kong Ltd. on the eve of trial 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 Centre in the first quarter of 2016. In the third quarter of 2018, Synnex lost the arbitration, but the possibility of compensation was subject to the US District Court's judgment of Fairchild's third-party litigation. Synnex won the first-instance judgment of the Fairchild case in the US District Court (no compensation to the third party). The case has now entered the trial stage of the second instance and the outcome of the lawsuit was not confirmed, so the company did not account for the possible loss of the lawsuit.

(4) Other significant risks and response measures: None.

III. Other important matters: None.

Special disclosures

Special disclosures

I. Profiles of affiliated enterprises

(1) Organization chart and basic information of affiliated enterprises

Please refer to pages 9-10 for the organization chart and basic information of affiliated enterprises. In addition, the Company does not have a company with control and affiliation as stipulated in Article 369-3 of the Company Act and the direct or indirect control of personnel, finances, or business operations of the company as stipulated in Article 369-2, Paragraph 2 of the Company Act.

(Note) Synnex Corporation, Redington India Ltd., Synnex (Thailand) Public Company Ltd., and Synnex FPT Joint Stock Company are non-affiliated companies within the organization chart.

(2) Information of common shareholders who are presumed to have a relationship of control and subordination

None.

(3) Businesses covered by the affiliated enterprises' overall operations

The businesses of the Company and the Company's affiliated enterprises include IT, Telecom, IC component products channel businesses, professional investments, and real estate related businesses.

(4) Information of Directors, Supervisors, and Presidents of affiliates

2018.12.31

Company name	Title	Name or representative	Shares held	
			Shares	Shareholding percentage (%)
Seper Marketing Corp.	Director	Synnex Technology International Corp. Representative: Evans S.W. Tu, David Tu, TC Su	100,000	100
	Supervisor	Synnex Technology International Corp. Representative: Oliver Chang		
	President	Not established		
E-Fan Investments Corp.	Director	Synnex Technology International Corp. Representative: Beny Weii, Kim Lin, TC Su	22,500,000	100
	Supervisor	Synnex Technology International Corp. Representative: Oliver Chang		
	President	Not established		
BestCom Infotech Corp.	Director	Synnex Technology International Corp. Representative: Jassy Liu, Evans S.W. Tu, David Tu	97,603,296	94.57
	Supervisor	Synnex Technology International Corp. Representative: TC Su		
	President	Jassy Liu		
Synergy Intelligent Logistics Corp.	Director	Synnex Technology International Corp. Representative: Alex Lin, Evans S.W. Tu, Beny Weii, TC Su	5,000,000	100
	Supervisor	Synnex Technology International Corp. Representative: Kim Lin		
	President	Alex Lin		
Synnex Global Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu	548,250,000	100
Synnex Mauritius Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu, Oliver Chang	24,000,000	100
Peer Developments Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu	30,200,001	100
Synnex China Holdings Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu	100,200,000	100

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Company name	Title	Name or representative	Shares held	
			Shares	Shareholding percentage (%)
King's Eye Investments Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu	62,477,000	100
Trade Vanguard Global Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu	313,500,001	100
Lianxiang Technology (Shenzhen) Co., Ltd.	Executive Director	Rex Shiue	Capital contribution of US$ 200,000	100
Laser Computer Holdings Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu	36,850,001	100
Synnex Electronics Hong Kong Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu	299,999	100
Syntech Asia Ltd.	Director	Kim Lin, TC Su	300,000	100
Synnex Australia Pty. Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu, Kee Ong	33,250,000	100
Fortune Ideal Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu	14,500,000	100
Golden Thinking Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu	28,000,000	100
Synnex New Zealand Ltd.	Director	Matthew Feng-Chiang Miau, Evans S.W. Tu, Kee Ong	1,500,000	100
Synnex Investments (China) Ltd.	Director Supervisor President	Evans S.W. Tu, TC Su, Beny Weii Kim Lin Erica Ku	Capital contribution of US$ 200,000,000	100
Synnex (Beijing) Ltd.	Executive Director Supervisor President	JB Liu Erica Ku JB Liu	Capital contribution of US$ 9,000,000	100
Synnex (Shanghai) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin Erica Ku	Capital contribution of US$ 22,000,000	100
Synnex Distributions (China) Ltd.	Director Supervisor President	Dickson Lui, Kim Lin, TC Su Erica Ku Dickson Lui	Capital contribution of US$ 230,000,000	100
Synnex (Chengdu) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$5,000,000	100
Synnex (Nanjing) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$5,000,000	100
Synnex (Shenyang) Ltd.	Executive Director Supervisor President	JB Liu Erica Ku JB Liu	Capital contribution of US$3,000,000	100
Synnex (Tianjin) Ltd.	Executive Director Supervisor President	JB Liu Erica Ku JB Liu	Capital contribution of US$4,500,000	100

Company name	Title	Name or representative	Shares held	
			Shares	Shareholding percentage (%)
Synnex (Hangzhou) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$5,000,000	100
Synnex (Qingdao) Ltd.	Executive Director Supervisor President	JB Liu Erica Ku JB Liu	Capital contribution of US$5,000,000	100
Synnex (Guangzhou) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$12,000,000	100
Synnex (Xi'an) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$4,000,000	100
Synnex (Suzhou) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$6,000,000	100
Synnex (Wuhan) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$5,000,000	100
Synnex (Jinan) Ltd.	Executive Director Supervisor President	JB Liu Erica Ku JB Liu	Capital contribution of US$5,000,000	100
Synnex (Zhengzhou) Ltd.	Executive Director Supervisor President	JB Liu Erica Ku JB Liu	Capital contribution of US$5,000,000	100
Synnex (Changsha) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$4,000,000	100
Synnex (Ningbo) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$4,000,000	100
Synnex (Hefei) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$6,100,000	100
Synnex (Nanchang) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$4,000,000	100
Synnex (Harbin) Ltd.	Executive Director Supervisor President	JB Liu Erica Ku JB Liu	Capital contribution of US$5,000,000	100
Synnex (Chongqing) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$600,000	100
Synnex (Xiamen) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin JB Liu	Capital contribution of US$6,000,000	100

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Company name	Title	Name or representative	Shares held	
			Shares	Shareholding percentage (%)
Yude (Shanghai) Warehouse Co., Ltd.	Director Supervisor President	JB Liu, Shi Da, Huang Ming-Feng Erica Ku JB Liu	Capital contribution of RMB2,400,000	80
Synnex Technology Development Ltd.	Executive Director Supervisor President	Wang Ke Erica Ku Wang Ke	Capital contribution of RMB50,000,000	100
Synergy Intelligent Logistics (HK) Ltd.	Director	LEE SHUK WAH	Capital contribution of HK$100,000	100

(5) Business overview of affiliates

Financial status and financial performance of affiliates as of December 31, 2018

Unit: NT$1,000

(Except for earnings per share in NT$)

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net profit after tax	Earnings per share (after tax)	Remarks
Seper Marketing Corp.	1,000	994,799	893,023	101,776	6,959,009	125,554	98,345	983.45	
E-Fan Investments Corp.	225,000	649,837	200,685	449,152	42,537	42,407	(61,833)	(2.75)	
Synergy Intelligent Logistics Corp.	50,000	80,280	8,389	71,891	44,173	30,856	24,773	4.95	
BestCom Infotech Corp.	1,032,033	4,271,763	2,550,511	1,721,252	11,882,681	258,023	244,920	2.37	
Synnex Global Ltd.	17,607,381	75,963,352	6,809,876	69,153,476	6,024,156	5,977,333	5,705,715	10.41	
Synnex Mauritius Ltd.	738,360	4,017,094	110	4,016,984	508,275	507,330	507,330	21.14	
Peer Developments Ltd.	929,103	8,194,497	13,751	8,180,746	1,603,016	1,602,918	1,554,202	51.46	
Synnex China Holdings Ltd.	3,082,653	7,823,874	3,070,350	4,753,524	(963,099)	(963,158)	(333,388)	(3.33)	
King's Eye Investments Ltd.	1,922,105	15,409,543	967,469	14,442,074	3,122,892	3,122,766	2,867,166	45.89	
Trade Vanguard Global Ltd.	9,644,828	9,938,261	17,465	9,920,796	225,158	225,090	210,880	0.67	
Lianxiang Technology (Shenzhen) Co., Ltd.	6,153	401,511	307,339	94,172	1,501,001	(44,597)	10,987	54.94	
Laser Computer Holdings Ltd. **	1,133,602	3,104,081	-	3,104,081	777,781	777,781	777,781	21.11	
Laser Computer (China) Ltd.	31	186,143	57,838	128,305	-	(50,454)	107,326	13,759.73	
Synnex Technology International (HK) Ltd.	235,744	16,434,531	13,459,584	2,974,947	65,915,965	677,880	670,455	11.17	
Synnex Electronics Hong Kong Ltd.	9,230	558,515	484,973	73,542	-	(594)	(530)	(1.77)	
Syntech Asia Ltd.	9,230	19,587,055	15,192,578	4,394,477	88,378,074	1,231,931	1,048,460	3,494.87	
Synnex Australia Pty. Ltd.	913,259	17,563,333	14,523,656	3,039,677	54,218,110	863,847	476,424	14.33	
Fortune Ideal Ltd.	57,611	324,925	186,554	138,371	40,729	32,393	18,762	1.29	
Golden Thinking Ltd.	111,217	1,169,802	1,131,666	38,136	76,761	45,927	12,443	0.44	
Synnex New Zealand Ltd.	31,426	1,383,229	1,312,669	70,560	3,740,130	23,352	4,294	2.86	
PT. Synnex Metrodata Indonesia	1,031,805	6,776,066	3,407,187	3,368,879	21,477,686	887,615	583,502	1,945.01	
Synergy Intelligent Logistics (HK) Ltd.	392	384	-	384	-	(9)	(9)	(0.09)	
Synnex Investments (China) Ltd.	6,153,000	20,992,086	13,168,212	7,823,874	(80,264)	(81,695)	(963,099)	-	
Synnex (Beijing) Ltd.	276,885	682,450	400,020	282,430	34,468	(19,298)	(21,119)	-	
Synnex (Shanghai) Ltd.	676,830	2,308,961	1,243,005	1,065,956	765,971	(216,667)	163,029	-	
Synnex Distributions (China) Ltd.	7,075,950	40,230,935	31,769,905	8,461,030	121,019,771	468,119	(256,484)	-	
Synnex (Chengdu) Ltd.	153,825	384,220	230,823	153,397	23,357	(1,202)	(3,959)	-	
Synnex (Nanjing) Ltd.	153,825	316,167	145,018	171,149	15,484	(8,383)	(3,394)	-	
Synnex (Shenyang) Ltd.	92,295	192,276	96,956	95,320	14,769	(2,196)	(1,953)	-	
Synnex (Tianjin) Ltd.	138,443	133,577	23,353	110,224	7,005	(3,538)	(4,019)	-	
Synnex (Hangzhou) Ltd.	153,825	207,422	19,849	187,573	25,051	11,807	10,149	-	
Synnex (Qingdao) Ltd.	153,825	174,448	39,565	134,883	5,308	(4,776)	(639)	-	

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Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net profit after tax	Earnings per share (after tax)	Remarks
Synnex (Guangzhou) Ltd.	369,180	372,782	4,717	368,065	25,514	(1,504)	7,922	-	
Synnex (Xi'an) Ltd.	123,060	237,500	102,536	134,964	20,278	7,157	7,015	-	
Synnex (Suzhou) Ltd.	184,590	166,251	3,327	162,924	4,535	(6,441)	(1,931)	-	
Synnex (Wuhan) Ltd.	153,825	184,327	27,497	156,830	17,607	4,412	2,593	-	
Synnex (Jinan) Ltd.	153,825	422,226	277,863	144,363	17,365	(5,561)	(18,738)	-	
Synnex (Zhengzhou) Ltd.	153,825	214,413	99,769	114,644	11,266	(2,529)	(3,735)	-	
Synnex (Changsha) Ltd.	123,060	315,805	249,785	66,020	7,015	(10,274)	(19,159)	-	
Synnex (Ningbo) Ltd.	123,060	238,914	175,519	63,395	-	(8,700)	(10,099)	-	
Synnex (Hefei) Ltd.	187,667	264,917	160,829	104,088	4,810	(9,968)	(20,252)	-	
Synnex (Nanchang) Ltd.	123,060	284,948	227,370	57,578	5,945	(10,352)	(22,230)	-	
Synnex (Harbin) Ltd.	153,825	343,975	309,346	34,629	4,955	(14,730)	(33,223)	-	
Synnex (Chongqing) Ltd.	18,459	18,350	-	18,350	-	(2)	807	-	
Synnex (Xiamen) Ltd.	184,590	190,222	59,893	130,329	5,579	(7,078)	(11,162)	-	
Yude (Shanghai) Warehouse Co., Ltd.	10,758	(7,355)	6,156	(13,511)	3,119	(508)	(552)	-	
Synnex Technology Development Ltd.	224,130	337,502	60,649	276,853	390,131	4,880	4,253	-	
Bizwave Tech Co., Ltd	20,000	77,152	52,825	24,327	169,426	3,223	2,903	1.45	
Bestcom Infotech Holding Ltd.	83,066	81,089	-	81,089	-	-	10,997	1.30	
BestCom Infotech Shanghai Ltd.	83,066	135,151	54,162	80,989	300,101	15,112	10,997	-	
Bestcom International Ltd.	83,066	81,089	-	81,089	-	-	10,997	1.30	

* The affiliates are foreign companies. The capital amount is converted according to historical exchange rates. The balance sheet accounts are converted at the exchange rate on the reporting date. The profit and loss account is converted into NTD according to the average exchange rate of the current year. The exchange rates are as follows:

December 31, 2018 reporting date exchange rates: US$1=NT$30.77 HK$1=NT$3.93 A$1=NT$21.70 THB$1=NT$0.95 RMB$1=NT$4.48

2018 average exchange rates: US$1=NT$30.19 HK$1=NT$3.85 A$1=NT$22.58 THB$1=NT$0.94 RMB$1=NT$4.55

** Information from the consolidated statement.

(6) Consolidated financial statement of affiliates

For the 2018 year, companies that should be included in the consolidated financial statement of affiliates as provided by the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as what should be included in the consolidated financial statements of parent and subsidiary companies as provided in IFRS No. 10, and the relevant information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent and its subsidiaries. The Company shall not be required to prepare separate consolidated financial statements of affiliates. The Company has issued the aforementioned declaration; please refer to the consolidated financial statements and audit report by the independent accountant in Attachment 4.

II. Progress of private placement of securities

None.

III. Holding or disposal of stocks of the Company by subsidiaries

None.

IV. Other supplemental information

None.

V. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 2, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report:

None.

Attachment

Attachment 1 Individual condensed balance sheet for the past five years

Unit: in NTD millions

Item/Year	2014.12.31 *	2015.12.31 *	2016.12.31 *	2017.12.31 *	2018.12.31 *
Current assets	11,705	12,335	16,668	15,669	15,489
Fixed assets/property, plant, and equipment	1,290	1,234	1,163	1,140	1,133
Intangible assets	98	123	96	64	34
Funds and investments/other assets	60,832	63,628	65,190	68,651	74,024
Total assets	73,925	77,320	83,117	85,524	90,680
Current liabilities					
Before distribution	28,358	34,245	40,267	40,063	42,768
After distribution	33,600	36,628	41,935	43,732	46,104
Long term and other liabilities/noncurrent liabilities	240	257	278	290	341
Total liabilities					
Before distribution	28,599	34,502	40,545	40,353	43,109
After distribution	33,841	36,885	42,213	44,022	46,445
Capital stock	15,885	15,885	16,679	16,679	16,679
Capital reserve	14,332	14,140	14,196	14,365	14,847
Retained earnings					
Before distribution	14,986	12,920	14,534	18,947	22,221
After distribution	9,744	10,537	12,866	15,278	18,885
Other adjustments on Stockholder's equities/other equity	124	(127)	(2,837)	(4,820)	(6,177)
Treasury stock	-	-	-	-	-
Total shareholder's equity					
Before distribution	45,327	42,818	42,572	45,171	47,570
After distribution	40,085	40,435	40,904	41,502	44,234

* Financial statement of the respective year has been audited.

** Asset revaluation has 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 2018 in which the figures were allocated based on the resolution of the Board of Directors meeting in the following year.

Attachment 2 Individual condensed income statement/condensed income statement for the past five years

Unit: in NTD millions

(Except for earnings per share in NT$)

Item/Year	2014*	2015 *	2016 *	2017 *	2018 *
Operating revenue	45,702	45,668	45,454	45,686	43,219
Gross profit	1,902	1,995	1,986	2,103	2,156
Operating income	162	311	109	159	65
Non-operating income and expenses	4,936	3,041	4,811	5,996	6,638
Net income before tax	5,098	3,353	4,920	6,155	6,703
Net income from continuing operations	5,024	3,186	4,877	6,115	6,607
Loss from discontinued operations	-	-	-	-	-
Net income of the current term	5,024	3,186	4,877	6,115	6,607
Other comprehensive profit/losses for the current period (net, after-tax)	2,100	(260)	(2,730)	(2,000)	(918)
Total comprehensive income of the term	7,124	2,926	2,147	4,115	5,689
Earnings per share					
before retroactive adjustment	3.16	2.01	2.92	3.67	3.96
after retroactive adjustment **	3.01	1.91	2.92	3.67	3.96

* Financial statement of the respective year 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, 2018.

Attachment 3 Individual financial analysis for the past five years

	Analysis item***	2014*	2015*	2016*	2017*	2018*
Capital structure analysis	Debt-to-asset ratio (%)	39	45	49	47	48
	Long-term fund to Fixed assets/property, plant, and equipment ratio (%)	3,533	3,490	3,680	3,986	4,228
Liquidity analysis	Current ratio (%)	41	36	41	39	36
	Quick ratio (%)	30	26	32	30	28
	Interest Protection Multiples	21	12	15	18	20
Operating ability	Average collection turnover (times)	7.8	7.6	7.4	7.7	7.7
	Average days sales outstanding	47	48	49	47	47
	Average inventory turnover (times)	14.7	13.2	12.4	12.5	11.6
	Average inventory turnover (days)	25	28	29	29	31
	Average payment turnover (times)	11.4	10.2	10.5	10.3	9.9
	Fixed assets/property, plant, and equipment turnover (times)	34.8	36.2	37.9	39.7	38.0
	Total assets turnover (times)	0.7	0.6	0.6	0.5	0.5
Profitability	Return on assets ratio (%)	7.4	4.6	6.5	7.6	7.8
	Rate of return on shareholder equity/equity (%)	11.4	7.2	11.4	14.0	14.3
	Paid-in capital ratio (%) - operating income	N/A	N/A	N/A	N/A	N/A
	Paid-in capital ratio (%) - income before tax	32.1	21.1	29.5	36.9	40.2
	Net profit margin (%)	11.0	7.0	10.7	13.38	15.29
	Earnings per share - before retroactive adjustment (NTD)	3.16	2.01	2.92	3.67	3.96
	Earnings per share - after retroactive adjustment (NTD)	3.01	1.91	2.92	3.67	3.96
Cash flow	Cash flow ratio (%)	3.8	**	**	4.3	2.6
	Cash flow adequacy ratio (%)	33.4	22.8	16.3	20.3	17.8
	Cash reinvestment ratio (%)	**	**	**	0.2	**
Leverage	Operating leverage	5.8	3.5	10.1	7.3	17.3
	Financial leverage	**	48.9	**	**	**

* Financial statement of the respective year has been audited.

** Is negative and therefore not listed.

*** The calculation formula for the financial ratio is as follows:

1. Capital structure analysis
   - (1) Debt-to-asset ratio = total liabilities/total assets
   - (2) Long-term fund to fixed assets/ Property, plant, and equipment ratio = (shareholders equity+ long term liabilities)/fixed assets (Property, plant, and equipment) net amount
2. Liquidity analysis
   - (1) Current ratio = current assets/current liabilities
   - (2) Quick ratio = (current assets - inventory - prepaid expense)/current liabilities
   - (3) Interest Protection Multiples = net income before income tax and interest expense/current interest expense
3. Operating ability
   - (1) Receivables (Including accounts receivable and notes receivable due to business operation) Turnover = net sales/average receivables for each period (Including accounts receivable and notes receivable due to business operation) balance
4. Profitability
   - (1) Return on assets ratio = [net income + interest expense*(1 - tax rate)]/average total assets
   - (2) Rate of return on shareholder equity/equity = income after tax/average shareholder's equity/total equity
   - (3) Net profit margin = net income/net sales
   - (4) Earnings per share = (net income/income belonging to owner of parent company - stock dividend of preferred stocks)/weighted average number of issued shares
5. Cash flow
   - (1) Cash flow ratio = net cash flow from operating activities/current liabilities
   - (2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent five years/(capital expenditures + inventory increase + cash dividend) for the most recent five years
   - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend)/(fixed assets/gross margin of property, plant, and equipment + long-term investment + other non-current assets + working capital)

(2) Average days sales outstanding	= 365/average collection turnover
(3) Average inventory turnover	= cost of goods sold/average amount of inventory
(4) Average inventory turnover (days)	= 365/average inventory turnover
(5) Payables (Including accounts receivable and notes receivable due to business operation) turnover	= purchases/average payables for each period (Including accounts payable and notes payable due to business operation) balance
(6) Fixed assets/property, plant, and equipment	= net sales/net average fixed assets (real estate and plant turnover and equipment)
(7) Total assets turnover	= net sales/average gross assets

6. Leverage

(1) Operating leverage	= (net operating revenues - current operating cost and expense)/operating profit
(2) Financial leverage	= operating profit/(operating profit - interest expense)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

For the convenience of readers and for information purpose only, the auditors' report and the acGrouping 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, 2018, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Group that is required to be included in the consolidated financial statements of affiliates, is the same as the Group 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 13, 2019

Report of Independent Accountant Translated From Chinese

PWCR18000337

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

Opinion

We have audited the accompanying consolidated balance sheets of Synnex Technology International Corporation and subsidiaries (the “Group”) as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the reports of other independent accountants (see information disclosed in the *Other Matter - Scope of the Audit* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Key audit matter – Assessment of allowance for uncollectible accounts

Description

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

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

How our audit addressed the matter

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

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

Key audit matter – Assessment of allowance for valuation of inventory

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

For the purpose of meeting diverse customer needs, the Group applied multi-brand 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.

How our audit addressed the matter

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

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

Key audit matter – Assessment of purchase rebate

Description

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

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

How our audit addressed the matter

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

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

Other matters – Scope of the Audit

We did not audit the financial statements of certain consolidated subsidiaries. The financial statements of these subsidiaries were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts and the information disclosed in Note 13 included in these financial statements, is based solely on the reports of the other independent accountants. The subsidiaries held assets of $1,113,086 thousand and $1,353,876 thousand, constituting 1% and 1% of the total consolidated assets as of December 31, 2018 and 2017, respectively, and generated net operating income of $0, constituting 0% of the total consolidated net operating income for both the years then ended. Furthermore, information disclosed in Note 6(10) relative to investments accounted for under equity method and information on certain investees disclosed in Note 13 for the years ended December 31, 2018 and 2017 is based solely on the reports of the other independent accountants. Additionally, for certain investees financial reports that were prepared under different accounting standards, we have performed required additional auditing procedures and adjusted these reports in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission. The related investment income before adjustments (including share of profit or loss of associates accounted for using equity method) was $1,843,352 thousand and $1,755,032 thousand for the years ended December 31, 2018 and 2017, respectively, constituting 27% and 27% of the consolidated total net operating income for the years then ended, respectively. The comprehensive income recognised for these investments accounted for using equity method was $2,034,333 thousand and $1,672,262 thousand, constituting 35% and 39% of consolidated total comprehensive income for the years ended December 31, 2018 and 2017, respectively. The balance of related long-term equity investments amounted to $14,422,245 thousand and $12,963,234 thousand, constituting 10% and 9% of the total consolidated assets as of December 31, 2018 and 2017, respectively.

Other matter – Parent company only financial reports

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

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

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

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

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

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

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

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

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

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

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

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

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

Yeh, Tsui Miao　　　　　　　　　　　　Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan
March 13, 2019

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

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

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

(Continued)

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

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

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

(Continued)

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

	Items	Notes	Year ended December 31 2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial losses on defined benefit plans		($ 9,075)	-	($ 19,769)	-
8316	Unrealized losses on financial assets at fair value through comprehensive income	6(3)	(253,164)	-	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(8)(21)	(3,472)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	7,668	-	3,630	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(258,043)	-	(16,139)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(21)	(953,956)	-	(2,239,494)	(1)
8362	Unrealized gain on valuation of available-for-sale financial assets	6(21) and 12(4)	-	-	219,629	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(8)(21)	194,453	-	(82,770)	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(759,503)	-	(2,102,635)	(1)
8300	**Total other comprehensive loss for the year**		($ 1,017,546)	-	($ 2,118,774)	(1)
8500	**Total comprehensive income for the year**		$ 5,895,114	2	$ 4,295,465	1
	Profit, attributable to:					
8610	Owners of parent		$ 6,607,404	2	$ 6,114,896	2
8620	Non-controlling interest		305,256	-	299,343	-
	Profit		$ 6,912,660	2	$ 6,414,239	2
	Comprehensive income attributable to:					
8710	Owners of parent		$ 5,689,430	2	$ 4,115,116	1
8720	Non-controlling interest		205,684	-	180,349	-
	Total comprehensive income for the year		$ 5,895,114	2	$ 4,295,465	1
	Earnings per share					
9750	**Basic earnings per share**	6(29)	$	3.96	$	3.67
9850	**Diluted earnings per share**	6(29)	$	3.96	$	3.67

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

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

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

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

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

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 7,978,135	$ 7,879,338
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(26)	338,388	340,836
Amortization	6(11)(26)	63,310	59,349
Amortization of land use rights	6(12)	20,190	19,886
Provision for bad debts expense	12(4)	-	293,574
Expected credit loss	12(2)	841,879	-
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(24)	100,290	(30,909)
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	6(7)	187,698	(119,452)
Interest expense	6(25)	701,198	578,518
Interest income	6(23)	(388,760)	(373,526)
Dividend income	6(23)	(200,275)	(151,777)
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	(1,845,203)	(1,759,191)
Cash dividends on investments accounted for under the equity method		379,617	407,166
(Gain) loss on disposal of property, plant and equipment and investment property	6(24)	(3,147)	(2,097)
Depreciation of investment property	6(10)	57,837	57,782
Gain on disposal of financial asset investments	6(24)	-	(357,363)
Gain on disposal of investments accounted for under the equity method	6(24)	(741,035)	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(158,013)	(43,522)
Notes and accounts receivable		(1,403,463)	(7,383,841)
Inventories		(4,728,414)	(2,491,459)
Other receivables		132,614	154,248
Prepayments		(1,470,813)	(749,753)
Other current assets		10,777	88,274
Overdue receivables		(1,276,330)	(284,249)
Long-term lease and installment receivables		(29,384)	(33,364)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		1,443,460	6,738,170
Other payables		432,107	447,104
Other current liabilities		(171,966)	4,035
Other non-current liabilities		20,718	46,292
Cash inflow (outflow) generated from operations		291,415	3,334,069
Interest paid		(619,844)	(561,897)
Interest received		388,760	373,526
Dividend received		244,635	151,777
Income tax paid		(936,150)	(595,035)
Net cash (used in) provided by operating activities		(631,184)	2,702,440

(Continued)

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

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

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, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Synnex Technology International Corporation (the “Group”) was incorporated in September 1988 under the provisions of the Group Act of the Republic of China (R.O.C.). The Group 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 Group'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 (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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.

A. IFRS 9, 'Financial instruments'

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

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

B. IFRS 15, ‘Revenue from contracts with customers’ and amendments

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

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

Step 1: Identify contracts with customer.

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

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

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

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

C. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group expects to provide additional disclosure to explain the changes in liabilities arising from financing activities.

When adopting the new standards endorsed by the FSC effective from 2018, the Group will apply the new rules under IFRS 9 and IFRS 15 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	Description
Financial assets at fair value through profit or loss	$ 609,254	$ 69,255	$ 678,509	(b)
Available-for-sale financial assets	1,400,430	(1,400,430)	-	(a);(b)
Financial assets at fair value through other comprehensive income	-	2,910,062	2,910,062	(a)
Accounts receivable	48,195,050	23,565	48,218,615	(c)
Financial assets at cost	1,721,020	(1,721,020)	-	(a)
Total affected assets	$ 51,925,754	($ 118,568)	$ 51,807,186	
Other payables	$ 7,288,832	($ 2,425,458)	$ 4,863,374	(d)
Other current liabilites	318,552	2,425,458	2,744,010	(d)
Total affected liabilites	$ 7,607,384	$ -	$ 7,607,384	
Retained earnings	$ 9,207,169	$ 324,942	$ 9,532,111	(a);(b);(c)
Other equity interest	(4,820,548)	(444,903)	(5,265,451)	(a);(b)
Non-controlling interest	1,590,493	1,393	1,591,886	(c)
Total affected equity	$ 5,977,114	($ 118,568)	$ 5,858,546	

Explanation:

(a) In accordance with IFRS 9, the Company reclassified available-for-sale financial assets and financial asset at amortised cost of $1,331,175 and $1,721,020, respectively, by making an irrevocable election on investment in equity instruments that are not held for trading, increasing financial asset at fair value through other comprehensive income and retained earnings as well as decreasing other equity interest in the amounts of $2,910,062, $257,168 and $399,301, respectively.

(b) In accordance with IFRS 9, the Company reclassified available-for-sale financial assets of

$569,255 by increasing financial assets at fair value through profit or loss and retained earnings as well as decreasing other equity interest in the amounts of $69,255, $45,602 and $45,602, respectively.

(c) In accordance with IFRS 9 - Provision for impairment, the Company increased accounts receivable, retained earnings and non-controlling interest in the amounts of $23,565, $22,172 and $1,393, respectively.

(d) In line with IFRS 15 requirements, the Company changed the presentation of certain accounts in the balance sheet as follows:

Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as refund liabilities (shown as other current liabilities), but were previously presented as other payables in the balance sheet. As of January 1, 2018, the balance amounted to $2,425,458.

(e) Please refer to Notes 12(4) and (5) for other disclosures in relation to the first application of IFRS 9 and IFRS 15.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 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
IFRS 16, ‘Leases’	January 1, 2019
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.

The Company expects to recognise the lease contract of lessees in line with IFRS 16. However, the Company does not intend to restate the financial statements of prior period (collectively referred herein as the “modified retrospective approach”). Accordingly, on January 1, 2018, the Group will have to increase ‘right-of-use asset’ by $1,867,729 and increase lease liability by $1,066,691. Additionally, the Group will have to decrease non-current assets by $801,038 (which was recognized as long-term prepaid rent are reclassified to ‘right-of-use asset’). These related effects will be adjusted on January 1, 2019.

(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
Amendment to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021

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

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) Financial assets and liabilities at fair value through other comprehensive income/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.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 wereas not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(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-Group 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 noncontrolling 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, 2018 and 2017:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business Activities	December 31, 2018	December 31, 2017	Description
Synnex Technology International Corporation	Synnex Global Ltd.	Investment holding Group	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 Group	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Synnex Technology International Corporation	Synergy Intellingent Logistics corporation (Note 1)	Freight forwarders	100	100	PwC
Synnex Technology International Corporation	Bestcom Infotech Corp.	Sales of computers and computer peripherals	94.57	94.09	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 Group	100	100	PwC
Bestcom Infotech Holding Ltd.	Bestcom International Ltd.	Investment holding Group	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 Group	100	100	PwC
Synnex Global Ltd.	Peer Developments Ltd.	Investment holding Group	100	100	PwC
Synnex Global Ltd.	Synnex Mauritius Ltd.	Investment holding Group	100	100	PwC
Synnex Global Ltd.	Synnex China Holdings Ltd.	Investment holding Group	100	100	PwC
Synnex Global ltd.	Trade Vanguard Global Ltd.	Investment holding Group	100	100	PwC
King's Eye Investments Ltd.	Laser Computer Holdings Ltd.	Investment holding Group	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	Synnex Electronics	Sales of electronic	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Ltd.	Hong Kong Ltd.	components			
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 (Note 2)
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
Peer Developments Ltd	Synergy Intellingents Logistics (HK) Corporation (Note 3)	Freight forwarders	100	100	PwC
Synnex China Holdings Ltd.	Synnex Investments (China) Ltd.	Investment holding Group	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
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

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
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.	Synnex Technology Development (Beijing) Ltd.	Sale of computers and computer peripherals	100	100	PwC

Note 1: Synergy Intellingents Logistics Corporation was set up in 2016, formerly known as Synlogics Service Corporation before, and it was renamed in 2017.

Note 2: The Group's subsidiary - PT. Synnex Metrodata Indonesia acquired 100% of the share capital of PT. Icon Technology (MIT) for $16,149, and recognized goodwill of $10,213. Therefore, MIT was started to be included in the consolidated financial statements from the acquisition date.

Note 3: The Corporation was set up on 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 Group'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

Effective 2018

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

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. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

Effective 2018

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

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

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

Effective 2018

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

Effective 2018

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

Effective 2018

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost and lease receivables, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) Property, plant and equipment

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

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

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

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each 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	20 - 50 years
Utilities equipment	7 - 15 years
Computer equipment	7 years
Transportation equipment	7 years
Furniture and fixtures	5 years
Machinery and equipment	5 - 20 years
Leasehold improvements	3 years

(17) 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.

(18) Investment property

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

Buildings	20 - 50 years

Utilities equipment 7 - 15 years

(19) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 7 years.

B. Goodwill

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

(20) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

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

(21) Borrowings

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

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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at 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. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) Derecognition of financial liabilities

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

(25) 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.

(26) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(27) 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.

(28) 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.

(29) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group 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 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 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 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 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 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 tax asset is realised or the deferred tax liability is settled.

D. Deferred 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 tax assets are reassessed.

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

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.

(30) Share capital

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

(31) Dividends

Dividends are recorded in the Group’s financial statements in the period in which they are resolved by the Group’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.

(32) Revenue recognition

Effective 2018

A. Sales of goods

(a) The Group sells information, communication, electronic and consumer electronic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales return, volume discounts, sales discounts and allowances. The estimated volume discounts, sales discounts and allowances given to customers are based on the expected purchase volume and accumulated experience. A refund liability is recognised for expected sales return, volume discounts, sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Group provides services of tally, installment and maintenance services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

C. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(33) 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 acquire recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

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, 2018	December 31, 2017
Cash on hand and revolving funds	$ 1,086	$ 1,319
Checking accounts and demand deposits	3,168,089	4,171,222
Time deposits	2,505,488	1,542,419
	$ 5,674,663	$ 5,714,960

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 at fair value through profit or loss

Items	December 31, 2018
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	$ 617,060
Listed (TSE and OTC) stocks	
	617,060
Valuation adjustment	120,944
	$ 738,004
Financial assets mandatorily measured at fair value through profit or loss	$ 2,417
Non-hedging derivatives-Forward Exchange	

A. The Group recognised net (loss) gain of ($98,905) on financial assets held for trading for the year ended December 31, 2018.

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

Foreign exchange forward

		December 31, 2018	
The subsidiaries	Items	Book Value	Nominal Principal (in thousands)
Synnex New Zealand	Buy USD sell NZD	($ 858)	USD 1,330
Synnex New Zealand	Buy AUD sell NZD	(7)	AUD 1,400
PT. Synnex Metrodata Indonesia	Buy USD sell IDR	3,282	USD 1,704
		$ 2,417	

In 2018, the subsidiaries of the Group 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 ($1,385) for the years ended December 31, 2018.

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

D. Information relating to credit risk is provided in Note 12(2).

E. The information on December 31, 2017 is provided in Note 12(4).

(3)Financial assets at fair value through other comprehensive income

Items	December 31, 2018
Current items:	
Equity instruments	
Listed stocks	$ 820,687
Non-listed (TSE and OTC) stocks	272,050
	1,092,737
Valuation adjustment	(69,029)
Total	$ 1,023,708
Non-current items:	
Equity instruments	
Emerging stocks	$ 1,571,898
Non-listed (TSE and OTC) stocks	188,695
	1,760,593
Valuation adjustment	(199,055)
Total	$ 1,561,538

A. The Group has elected to classify share investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,585,246 as at December 31, 2018.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	($ 253,164)

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

D. The information on December 31, 2017 is provided in Note 12(4).

(4)Notes, accounts receivable and overdue receivable

	December 31, 2018
Notes receivable	$ 8,790,584
Less: Allowance for bad debts	(25,918)
	$ 8,764,666
Accounts receivable	$ 48,648,319
Accounts receivable due from related party	340,215
Lease payments receivable (expiring within one year)	46,554
Less: Allowance for bad debts	(93,915)
	48,941,173
Overdue receivables (recorded as other non-current assets)	3,155,205
Less: Allowance for bad debts	(2,192,860)
	962,345
	$ 49,903,518

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, 2018 and 2017, the Group received certain security for a portion of the amounts due.

A. The ageing analysis of notes receivable and accounts receivable is as follows:

	December 31, 2018	
	Accounts receivable	Notes receivable
Not past due	$ 41,521,026	$ 8,790,584
Up to 60 days past due	6,761,964	-
61-120 days past due	328,149	-
121-180 days past due	93,398	-
More than 181 days past due	330,551	-
	$ 49,035,088	$ 8,790,584

The above ageing analysis was based on past due date.

B. The ageing analysis of overdue receivable is as follows:

	December 31, 2018
Not past due	$ 11,824
Up to 60 days past due	266,202
61-120 days past due	438,969
121-180 days past due	772,084
More than 181 days past due	1,666,126
	$ 3,155,205

The above ageing analysis was based on past due date.

C. The Group has no notes and accounts receivable pledged to others as collateral.

D. The Group leases computers and computer peripheral assets to others under finance lease. The lease terms are later than three years, and 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, 2018 is as follows:

	December 31, 2018		
	Total lease payments receivable	Unearned finance income	Net lease payments receivable
Current			
Not later than one year (recorded as net accounts receivable)	$ 56,446	($ 9,892)	$ 46,554
Non-current			
Later than one year but not later than five years (recorded as other non-current assets)	188,058	(24,333)	163,725
	$ 244,504	($ 34,225)	$ 210,279

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

F. The information of notes and accounts receivable on December 31, 2017 is provided in Note 12(4).

(5) 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, 2018			
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced
The Group			
$777,052 (US$25,149)	$777,052 (US$25,149)	US$103,500	$777,052 (US$25,149)
Subsidiaries			
$1,361,482 (US$44,254)	$1,361,482 (US$44,254)	US$122,000	$1,361,482 (US$44,254)

(Unit: USD thousand)

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

(6)Other receivables

	December 31, 2018	December 31, 2017
Rebate receivable from suppliers	$ 5,756,710	$ 5,431,589
Refund receivable from suppliers	340,106	415,745
Tax refund receivable−business tax	836,269	452,803
Other non-operating receivables, others	121,646	928,520
	$ 7,054,731	$ 7,228,657

(7)Inventories

	December 31, 2018		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 41,234,740	($ 683,495)	$ 40,551,245
Inventory in transit	248,691	-	248,691
Total	$ 41,483,431	($ 683,495)	$ 40,799,936

	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

A. The Group has no inventories pledged to others as collateral.

B. The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2018	2017
Cost of inventories sold	$ 368,509,137	$ 351,465,965
(Gain on reversal of) loss on decline in market value	187,698	(119,452)
	$ 368,696,835	$ 351,346,513

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

(8)Investments accounted for under equity method

A. The details are as follows:

	December 31, 2018		December 31, 2017	
	Balance	Percentage ownership	Balance	Percentage ownership
Associates:				
Synnex Corporation (Note 1)	$ 8,041,821	7.53%	$ 7,304,534	10.61%
Redington (India) Ltd.	3,932,522	24.24%	3,597,652	23.56%
Synnex FPT Joint Stock Company (Note 2)	1,292,981	47.09%	1,064,321	47.00%
Synnex (Thailand) Public Company Ltd.	1,154,921	40.00%	996,727	40.00%
Other	67,683	20%~40%	68,504	20%~40%
	$ 14,489,928		$ 13,031,738	

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,	
	2018	2017
Synnex Corporation	$ 850,995	$ 964,678
Redington (India) Ltd.	508,275	541,933
Synnex (Thailand) Public Company Ltd.	269,924	224,331
Synnex FPT Joint Stock Company (Note 2)	214,158	24,090
Other	1,851	4,159
	$ 1,845,203	$ 1,759,191

	Share of other comprehensive income of associates	
	Years ended December 31,	
	2018	2017
Synnex Corporation	($ 151,898)	$ 101,178
Redington (India) Ltd.	340,799	(186,788)
Synnex (Thailand) Public Company Ltd.	2,080	2,840
	190,981	($ 82,770)

Note 1: The Group disposed 349 thousand shares of Synnex Corporation on January 18, 2018. The proceeds of disposal was $1,372,999 (USD 45,474 thousand) and the Group recognized gain on disposal of investment accounted for under equity method of $741,035 (USD 24,543 thousand).

Note 2: On September 11, 2017, the Board of Directors resolved to acquire 47% equity of a Vietnamese 3C distributor through the Group's subsidiary, King's Eye Investments Ltd., aiming to enter into the 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.

C. Associates

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

Group 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, 2018	December 31, 2017
Current assets	$ 218,423,901	$ 171,102,782
Non-current assets	134,962,951	58,484,178
Current liabilities	(150,577,477)	(120,468,381)
Non-current liabilities	(97,030,503)	(40,947,731)
Total net assets	$ 105,778,872	$ 68,170,848
Share in associate's net assets	$ 79,972,104	$ 7,236,982
Goodwill	69,716	67,552
Carrying amount of the associate	$ 80,041,820	$ 7,304,534

Statement of comprehensive income

	Synnex Corporation	
	Years ended December 31,	
	2018	2017
Revenue	$ 605,489,493	$ 519,576,783
Profit for the period from continuing operations	8,969,460	9,066,523
Other comprehensive income (loss), net of tax	(1,884,697)	950,928
Total comprehensive income	$ 7,084,763	$ 10,017,451
Dividends received from associates	$ 164,182	$ 96,220

(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, 2018 and 2017, the carrying amount of the Group’s individually immaterial associates amounted to $6,448,107 and $5,727,204, respectively.

	Years ended December 31,	
	2018	2017
Profit for the period from continuing operations	$ 994,208	$ 794,513
Other comprehensive loss, net of tax	342,879	(183,948)
Total comprehensive income	$ 1,337,087	$ 610,565

(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, 2018	December 31, 2017
Significant associates:		
Synnex Corporation	$ 9,599,696	$ 17,057,234
Individual insignificant associates:		
Redington (India) Ltd.	$ 3,669,055	$ 7,662,488
Synnex (Thailand) Public Company Ltd.	$ 3,331,252	$ 4,355,157

(9)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, 2018										
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	-	(892,435)	(331,255)	(358,256)	(115,739)	(47,662)	(339,533)	(78,491)	-	(2,163,371)
	$ 1,095,921	$ 4,331,729	$ 302,517	$ 200,738	$ 89,726	$ 38,880	$ 371,729	$ 74,039	$ 351,784	$ 6,857,063
2018										
Opening 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
Additions	-	54,527	7,826	54,405	36,710	9,110	33,805	58,257	304,339	558,979
Acquired from business combinations	-	56	-	-	-	255	288	-	-	599
Disposals	-	(3,681)	(1,493)	(1,783)	(606)	(800)	(3,095)	(2,204)	(575)	(14,237)
Reclassifications	-	260,607	(110)	3,532	-	18	19,104	(4,075)	(257,274)	21,802
Depreciation charge	-	(124,129)	(37,487)	(75,007)	(21,905)	(16,477)	(34,473)	(28,910)	-	(338,388)
Net exchange differences	(31,557)	(97,012)	(5,134)	(1,342)	(1,141)	(1,061)	(19,903)	(356)	(8,973)	(166,479)
Closing net book amount	$ 1,064,364	$ 4,422,097	$ 266,119	$ 180,543	$ 102,784	$ 29,925	$ 367,455	$ 96,751	$ 389,301	$ 6,919,339
At December 31, 2018										
Cost	$ 1,064,364	$ 5,423,849	$ 542,502	$ 388,278	$ 189,613	$ 79,188	$ 697,317	$ 140,283	$ 389,301	$ 8,914,695
Accumulated depreciation	-	(1,001,752)	(276,383)	(207,735)	(86,829)	(49,263)	(329,862)	(43,532)	-	(1,995,356)
	$ 1,064,364	$ 4,422,097	$ 266,119	$ 180,543	$ 102,784	$ 29,925	$ 367,455	$ 96,751	$ 389,301	$ 6,919,339

	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	-	(892,435)	(331,255)	(358,256)	(115,739)	(47,662)	(339,533)	(78,491)	-	(2,163,371)
	$ 1,095,921	$ 4,331,729	$ 302,517	$ 200,738	$ 89,726	$ 38,880	$ 371,729	$ 74,039	$ 351,784	$ 6,857,063

Note 1: The significant components of buildings include office buildings and warehouse with main buildings and improvements, which are depreciated over 20~55 and 10~35 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, 2018 and 2017.

(10) Investment property

	Buildings and structures	Utilities equipment	Total
At January 1, 2018			
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
2018			
Opening net book amount	$ 1,175,668	$ 71,424	$ 1,247,092
Additions	1,732	703	2,435
Reclassifications	-	1,631	1,631
Depreciation charge	(32,965)	(24,872)	(57,837)
Net exchange differences	(20,013)	(894)	(20,907)
Closing net book amount	$ 1,124,422	$ 47,992	$ 1,172,414
At December 31, 2018			
Cost	$ 1,375,294	$ 237,509	$ 1,612,803
Accumulated depreciation	(250,872)	(189,517)	(440,389)
	$ 1,124,422	$ 47,992	$ 1,172,414

	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

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, 2018	2017
Rental income from the lease of the investment property	$ 516,038	$ 481,002
Direct operating expenses arising from the investment property that generated rental income during the year	$ 163,404	$ 160,433

B. The fair value of the investment property held by the Group as of December 31, 2018 and 2017 was $3,172,067 and $3,186,633, 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.

(11) Intangible assets

	Computer software cost	Goodwill	Total
At January 1, 2018			
Cost	$ 293,909	$ 535,518	$ 829,427
Accumulated amortisation	(187,987)	-	(187,987)
	$ 105,922	$ 535,518	$ 641,440
2018			
Opening net book amount	$ 105,922	$ 535,518	$ 641,440
Acquired through business combinations	-	10,213	10,213
Additions-acquired separately	57,639	-	57,639
Reclassifications	(21,429)	-	(21,429)
Amortisation charge	(63,310)	-	(63,310)
Net exchange differences	(1,850)	9,480	7,630
Closing net book amount	$ 76,972	$ 555,211	$ 632,183
At December 31, 2018			
Cost	$ 325,832	$ 555,211	$ 881,043
Accumulated amortisation	(248,860)	-	(248,860)
	$ 76,972	$ 555,211	$ 632,183

	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

A. Amortization charges on intangible assets were recognised as administrative expenses amounting to $63,310 and $59,349 for the years ended December 31, 2018 and 2017, respectively.

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

	December 31, 2018		December 31, 2017	
Taiwan	$	239,479	$	239,479
Hong Kong/China		305,523		296,039
Indonesia		10,209		-
	$	555,211	$	535,518

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.

(12) Other non-current assets

	December 31, 2018	December 31, 2017
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 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 $20,190 and $19,886 and for the years ended December 31, 2018 and 2017, respectively.

B. For details of long-term lease receivables, please refer to Note 6(4).

(13) Short-term borrowings

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 40,776,119	0.9%~7.8%	None
	$ 40,776,119		

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 44,119	5.50%	Accounts receivable and inventories
Unsecured borrowings	36,036,801	0.90%~2.84%	None
	$ 36,080,920		

(14) Short-term notes and bills payable

	December 31, 2018	December 31, 2017
Commercial paper payable	$ 7,690,000	$ 8,580,000
Interest rate range	0.998%~1.158%	0.848%~1.148%

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

(15) Other payables

	December 31, 2018	December 31, 2017
Dealers’ bonus payable	$ -	$ 2,425,458
Temporary receipt of suppliers’ payment on behalf of others	2,871,616	2,029,695
Salary payable and bonus	818,687	772,365
Accrued expenses-others	575,828	797,265
Other payables-others	1,548,586	1,264,049
	$ 5,814,717	$ 7,288,832

(16) Other current liabilities

	December 31, 2018	December 31, 2017
Refund liability-dealer's bonus payable	$ 1,847,659	$ -
Other current liabilities-others	272,761	318,552
	$ 2,120,420	$ 318,552

Sales discounts and allowances of payable on incentive fee for distributors were recognized as refund liability under IFRS 15 on December 31, 2018.

(17) Pensions

A.(a) The Group 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 Group contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group 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 Group 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, 2018	December 31, 2017
Present value of defined benefit obligations	($ 638,046)	($ 619,802)
Fair value of plan assets	250,170	252,609
Net defined benefit liability (recorded as other non-current liabilities)	($ 387,876)	($ 367,193)

(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, 2018			
Balance at January 1	($ 619,802)	$ 252,609	($ 367,193)
Current service cost	(11,950)	-	(11,950)
Interest (expense) income	(9,831)	2,857	(6,974)
	(641,583)	255,466	(386,117)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	7,470	7,470
Change in demographic assumptions	1,404	-	1,404
Exchange differences from translation	1,973	-	1,973
Change in financial assumptions	(427)	-	(427)
Experience adjustments	(19,564)	-	(19,564)
	(16,614)	7,470	(9,144)
Pension fund contribution	-	6,885	6,885
Paid pension	20,151	(19,651)	500
Balance at December 31	($ 638,046)	$ 250,170	($ 387,876)

	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)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Group'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 Group has no right to participate in managing and operating that fund and hence the Group 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, 2018 and 2017 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 Group and its subsidiaries in Taiwan were as follows:

	2018	2017
Discount rate	0.90%~1.125%	1.10%~1.25%
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:

	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	$ 14,185	($ 14,720)	($ 13,082)	$ 12,698

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2017				
Effect on present value of defined benefit obligation	$ 14,223	($ 14,772)	($ 13,147)	$ 12,750

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 2018 and during 2017 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:

	2018	2017
Discount rate	8.50%	7.25%
Future salary increases	9.00%	9.00%

Future mortality rate was estimated based on TMI 13 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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	$ 5,752	($ 6,829)	($ 6,494)	$ 5,949
	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

(f) As of December 31, 2018, the weighted average duration of that retirement plan is 10~18.12 years.

(g)Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amounts to $9,055.

B.(a)Effective July 1, 2005, the Group 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 Group 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, 2018 and 2017 were $71,142 and $76,136, 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, 2018 and 2017 were $263,200 and $242,258, respectively.

(18) Share capital

A. As of December 31, 2018, the Group'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 Group's ordinary shares outstanding are as follows:

	2018	2017
At January 1 (At December 31)	1,667,946,968	1,667,946,968

B. The Group 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, 2018, the total number of GDSs outstanding was 938,465 units, representing 3,753,872 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 Group'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 Group 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.

(19) Capital surplus

Pursuant to the R.O.C. Group 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 Group 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.

	2018					
	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	$ 167,496	$ 228,445	$ 1,299	$ 14,364,858
Changes in equity of associates and joint ventures	-	-	480,615	-	-	480,615
Difference between consideration and carrying amount of subsidiaries disposed	-	-	6	-	-	6
Unclaimed dividends	-	-	-	-	1,307	1,307
At December 31	$ 13,626,940	$ 340,678	$ 648,117	$ 228,445	$ 2,606	$ 14,846,786

	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

(20) 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) the remaining amount (plus the retained earnings from the beginning as permitted by the Group 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 2017 and 2016 earnings had been resolved at the stockholders' meeting on June 12, 2018 and June 7, 2017, respectively. Details are summarized below:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 611,490	$ -	$ 487,668	$ -
Special reserve	1,983,231	-	2,710,805	-
Cash dividends	3,669,483	2.20	1,667,947	1.00

(b) The appropriation of 2018 earnings had been proposed at the Board of Directors' meeting on March 13, 2019. Details are summarized below:

	Year ended December 31, 2018	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 660,740	$ -
Special reserve	1,356,458	-
Cash dividends	3,335,894	2.00

E. For information relating to employees' remuneration (bonus) and directors' and supervisors' remuneration, please refer to Note 6(27).

(21) Other equity items

	Currency translation	Available-for-sale investments	Total
At January 1, 2018	($ 5,249,825)	$ 429,277	($ 4,820,548)
Effects of retrospective application and retrospective restatement	-	(444,903)	(444,903)
Balance at January 1, 2018 after retrospective adjustments	(5,249,825)	(15,626)	(5,265,451)
Revaluation:			
–Group	-	(254,890)	(254,890)
–Associates	-	(3,472)	(3,472)
Currency translation differences:			
–Group	(847,647)	-	(847,647)
–Associates	194,453	-	194,453
At December 31, 2018	($ 5,903,019)	($ 273,988)	($ 6,177,007)

	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)

(22) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	$ 382,161,053
Others	1,033,886
	$ 383,194,939

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

2018	Taiwan	China /Hong Kong	Australia, New Zealand /Indonesia	Adjustments and Write-offs	Total
Revenue from external customer contracts	$ 59,138,208	$ 244,673,313	$ 79,383,418	$ -	$ 383,194,939
Inter-segment revenue	3,135,937	45,150,411	52,737	(48,339,085)	-
Total segment revenue	$ 62,274,145	$ 289,823,724	$ 79,436,155	(48,339,085)	$ 383,194,939
Product type					
Computers and computer peripherals components	$ 61,597,588	$ 289,296,973	$ 79,282,959	(48,016,467)	$ 382,161,053
Others	676,557	526,751	153,196	(322,618)	1,033,886
	$ 62,274,145	$ 289,823,724	$ 79,436,155	(48,339,085)	$ 383,194,939
Timing of revenue					
At a point in time	$ 61,597,588	$ 289,296,973	$ 79,282,959	($ 48,016,467)	$ 382,161,053
Over time	676,557	526,751	153,196	(322,618)	1,033,886
	$ 62,274,145	$ 289,823,724	$ 79,436,155	(48,339,085)	$ 383,194,939

B. Related disclosures for 2017 operating revenue are provided in Note 12(5).

(23) Other income

	Years ended December 31, 2018	Years ended December 31, 2017
Rental revenue	$ 588,824	$ 545,763
Interest income:		
Interest income from bank deposits	189,556	247,440
Other interest income	199,204	126,086
Dividend income	200,275	151,777
Others	96,727	197,450
Total	$ 1,274,586	$ 1,268,516

(24) Other gains and losses

	Years ended December 31, 2018	Years ended December 31, 2017
Net gains on financial assets at fair value through profit or loss	($ 100,290)	$ 30,909
Net currency exchange gains (losses)	(179,646)	410,159
Gains on disposal of invested financial assets	-	357,363
Impairment loss on financial assets	741,035	-
Gain on disposal of property, plant and equipment and investment property	3,147	2,097
Related expense charges on investment property	(163,404)	(160,433)
Others	(153,546)	(141,510)
Total	$ 147,296	$ 498,585

(25) Finance costs

	Years ended December 31,	
	2018	2017
Interest expense:		
Bank borrowings	$ 635,613	$ 512,274
Short-term notes and bills payable	65,585	66,244
Finance costs	$ 701,198	$ 578,518

(26) Expenses by nature

	Years ended December 31,	
	2018	2017
Employee benefit expense	$ 5,145,632	$ 4,766,489
Depreciation charges on property, plant and equipment	338,388	340,836
Amortisation charges on intangible assets	63,310	59,349
	$ 5,547,330	$ 5,166,674

(27) Employee benefit expense

	Years ended December 31,	
	2018	2017
Wages and salaries	$ 4,373,962	$ 4,027,957
Labor and health insurance fees	248,048	311,855
Pension costs	353,266	333,994
Directors' remuneration	7,500	6,000
Other personnel expenses	162,856	86,683
	$ 5,145,632	$ 4,766,489

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 Group 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 Group's Chairman are included.

B. For the years ended December 31, 2018 and 2017, employees' compensation (bonus) was accrued at $700 and $600; directors' and supervisors' remuneration was accrued at $7,500 and $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, 2018. 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 2017 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2017 financial statements.

Information about employees’ compensation and directors’ and supervisors’ remuneration of the Group 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.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Current tax on profits for the year	$ 686,514	$ 329,661
Prior year income tax over estimation	40,402	(14,793)
Prepaid income tax	670,757	656,361
Additional 10% tax on undistributed earnings	-	(1,026)
Total current tax	1,397,673	970,203
Deferred tax:		
Origination and reversal of temporary differences	(316,621)	493,870
Impact of change in tax rate	(15,577)	-
Total deferred tax	(332,198)	493,870
Additional 10% tax on undistributed earnings	-	1,026
Income tax expense	$ 1,065,475	$ 1,465,099

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

	Years ended December 31, 2018	Years ended December 31, 2017
Remeasurement of defined benefit obligations	($ 1,092)	($ 3,630)
Impact of change in tax rate	(6,576)	-
	($ 7,668)	($ 3,630)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2018	2017
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 2,062,349	$ 2,720,900
Effects from items disallowed by tax regulation	(132,368)	(605,594)
Tax exempt income by tax regulation	(58,518)	(61,453)
Temporary differences not recognised as deferred tax liabitities	(1,141,143)	(868,876)
Taxable loss not recognised as deferred tax assets	294,753	293,889
Additional 10% tax on undistributed earnings	-	1,026
Prior year income tax over estimation	40,402	(14,793)
Income tax expense	$ 1,065,475	$ 1,465,099

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, 2018 January 1,	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealized bad debts	$ 381,382	188,120	$ -	($ 7,106)	$ 562,396
Unrealized loss on inventory value decline	80,922	10,425	-	(1,089)	90,258
Depreciation	17,876	(5,017)	-	(130)	12,729
Unrealised exchange loss	25,554	(25,554)	-	-	-
Unused compensated absences	35,952	7,755	-	(593)	43,114
Accrued pensions	66,644	6,249	7,668	(77)	80,484
Unrealized accrued expenses	46,317	3,523	-	(291)	49,549
Loss carryforward (Note)	167,719	211,515	-	(10,667)	368,567
Others	764	19,789	-	(10)	20,543
Subtotal	$ 823,130	416,805	$ 7,668	($ 19,963)	$ 1,227,640
-Deferred tax liabilities:					
Unrealised purchase discount	($ 136,719)	($ 28,806)	$ -	$ 2,295	($ 163,230)
Unrealised exchange gain	(179)	(56,376)	-	784	(55,771)
Others	(27,401)	575	-	371	(26,455)
Subtotal	($ 164,299)	($ 84,607)	$ -	$ 3,450	($ 245,456)
Total	$ 658,831	$ 332,198	$ 7,668	($ 16,513)	$ 982,184

	Year ended December 31, 2017				
	January 1,	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

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, 2018				
Year incurred	Amount filed /assessed	Unused amount	Deferred tax assets	Expiry year
2012~2018	$ 3,181,181	$ 3,181,181	$ 1,412,170	2018~2028

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

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

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ -	$ 15,935

F. The subsidiaries' losses are allowed to be carried forward from 2018 to 2028.

G. The Group has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2018 and 2017, the amounts of temporary difference unrecognised as deferred tax liabilities were $10,309,219 and $7,819,098, respectively.

H. As of December 31, 2018, the Group's income tax returns through 2015 have been assessed and approved by the Tax Authority.

I. 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 was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(29) Earnings per share

	Year ended December 31, 2018		
	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	$ 6,607,404	1,667,947	$ 3.96
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	6,607,404	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	26	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 6,607,404	1,667,973	$ 3.96

	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

(30) Transactions with non-controlling interests

A. Acquisition of additional equity interest in a subsidiary

The Group acquired an additional 0.48% shares of its subsidiary - Bestcom Infotech Corp. for a cash consideration of $8,210 on April 30, 2018. The carrying amount of non-controlling interest in Bestcom Infotech Corp. was $8,216 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $8,216 and an increase in the equity attributable to owners of the parent by $$8,216. The effect of changes in interests in Bestcom Infotech Corp. on the equity attributable to owners of the parent for the year ended December 31, 2018 is shown below:

	Year ended December 31, 2018
Consideration paid to non-controlling interest	($ 8,210)
Decrease in the carrying amount of non-controlling interest	8,216
Capital surplus - difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	$ 6

B. 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 on April 6, 2017. 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 Group 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)

(31) Business combinations

A. To expand the scale of entire operation and exert synergy of economic of scale, on May 2, 2018, the Group acquired 100% of the share capital of PT My Icon Technology (MIT) for $16,149, and obtained the control.

B. The following table summarizes the consideration paid for MIT 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:

	May 2, 2018
Purchase consideration – cash paid	$ 16,149
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	7,917
Notes receivable	12,657
Accounts receivable	204
Other receivables	5,014
Inventories	599
Other current assets	541
Non-current available-for-sale financial assets	(11,916)
Investments accounted for using equity method	(2,484)
Property, plant and equipment	(6,596)
Intangible assets	5,936
Goodwill	$ 10,213

C. The operating revenue included in the consolidated statement of comprehensive income since May 2, 2018 contributed by MIT was $228,277. MIT also contributed profit before income tax of $10,387 over the same period. Had MIT been consolidated from January 1, 2018, the consolidated statement of comprehensive income would increase operating revenue of $15,139 and profit before income tax of $($2,585).

(32) Operating leases

The Group leases office buildings to others under non-cancellable operating lease agreements. For the years ended December 31, 2018 and 2017, the Group recognised rental revenue of $588,824 and $545,763, 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, 2018	December 31, 2017
Not later than one year	$ 390,632	$ 402,946
Later than one year but not later than five years	638,357	807,435
Later than five years	18,293	8,617
	$ 1,047,282	$ 1,218,998

(33) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2018	2017
Purchase of property, plant and equipment	$ 558,979	$ 472,313
Add: Opening balance of payable on equipment	18,178	43,626
Less: Ending balance of payable on equipment	-	(18,178)
Effects on exchange rate	111	(463)
Cash paid during the period	$ 577,268	$ 497,298

	Years ended December 31,	
	2018	2017
Purchase of intangible assets	$ 57,639	$ 23,158
Add: Opening balance of other payables	-	17,899
Less: Ending balance of other payables	-	-
Effects on exchange rate	-	15
Cash paid during the period	$ 57,639	$ 41,072

(34) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Liabilities from financing activities-gross
At January 1, 2018	$ 36,080,920	$ 8,580,000	$ 44,660,920
Changes in cash flow from financing activities	4,500,306	(890,000)	3,610,306
Impace of changes in foreign exchange rate	194,893	-	194,893
At December 31, 2018	$ 40,776,119	$ 7,690,000	$ 48,466,119

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Associates:	
Synnex (Thailand) Public Group Ltd. and its Subsidiaries (Synnex Thailand)	King's Eye's investee accounted for using equity method
Synnex FPT Joint Stock Company (Synnex FPT)	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.
Other related parties:	
Mitac Incorporated	The Group's chairperson is the related party's chairperson
Mitac Information Technology Corporation	The Group's chairperson is the related party's vice chairperson
Mitac International Corporation	The Group's chairperson is the related party's chairperson
Mitac Digital Technology Corporation	The Group's chairperson is the related party's director
Lien-Hwa Industrial Corporation	The Group's chairperson is the related party's chairperson
Lien Yuan Investment Corp.	The related party - Tong Da's chairperson is the related party's chairperson
Mitac Computing Technology Corporation	The Group's chairperson is the related party's director
Getac Technology Corporation	The Group's chairperson is the related party's director
Union Petrochemical Corporation	The Group's chairperson is the related party's chairperson
Shunda Computer Factory Co., Ltd.	The related party's chairperson is the director of

Names of related parties	Relationship with the Group
	Mitac Computing Technology Corp
Tong Da Investment Corporation	The Group's chairperson is the related party's chairperson
Mitac Communication Co., Ltd.	The related party's director is the second-degree relative of the Group's chairperson
Digitimes Corp.	The Group is the related party's director
Ho Li Investment Co., Ltd. (Ho Li)	Subsidiary of other related party Mitac Incorporated
Mei-An Investment Corporation (Mei-An)	The Group's director is the related party's director
PT. Mitra Integrasi Informatika (MII)	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
PT. Soltius Indonesia (SI)	Entity controlled by SMI's shareholders
PT. Metro Mobile Indonesia (MMI)	Entity controlled by SMI's shareholders
Packet System Indonesia (PSI)	Entity controlled by SMI's shareholders

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31, 2018	Years ended December 31, 2017
Sales of goods:		
－Associates	$ 257,099	$ 302,370
－Other related parties	1,074,716	1,229,936
	$ 1,331,815	$ 1,532,306

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 30~120 days after receipt of goods or 25~150 days from the first day of the month following the month of the receipt.

B. Receivables from related parties

	December 31, 2018	December 31, 2017
Receivables from related parties:		
－Associates	$ 68,035	$ 60,811
－Other related parties	272,180	172,602
	$ 340,215	$ 233,413

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, 2018	Years ended December 31, 2017
Purchases of goods:		
－Other related parties	$ 250,326	$ 29,881

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

The collection term for related parties is within 30~60 days of the date of statement. The collection term for third parties is within 0~120 days after receipt of goods or 7 ~ 90 days from the first day of the month following the month of the receipt.

D. Payables to related parties

	December 31, 2018	December 31, 2017
Accounts payable:		
－Other related parties	$ 12,455	$ 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,	
	2018	2017
Other receivables		
Associates	$ 312	$ 210

	Years ended December 31,	
	2018	2017
Other payables		
Associates	$ 106	$ 1,438
Other related parties	75	2,002
	$ 181	$ 3,440

	Years ended December 31,	
	2018	2017
Other income		
－Associates	$ 934	$ 1,158
－Other related parties	153,706	118,929
	$ 154,640	$ 120,087

(b) Disposal of financial assets

				Year ended December 31, 2017	
Counterparty	Recorded items	No. of shares	Disposed assets	Disposal proceeds	(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, 2018.

(3) Key management compensation

	Years ended December 31,	
	2018	2017
Short-term employee benefits	$ 119,260	$ 96,000
Post-employment benefits (Note)	4,860	3,320
Total	$ 124,120	$ 99,320

Note: Benefits are provisions that are not actually distributed.

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2018	December 31, 2017	Purpose
Accounts receivable	$ -	$ 335,028	Pledged for short-term borrowings
Inventories	-	335,027	Pledged for short-term borrowings
Other current assets:			
Pledged time deposits	21,557	26,898	Secured loans and warranty guarantees
Bank acceptance deposits	39,044	49,821	Bank acceptance deposits
Other non-current assets:	39,044		
Pledged time deposits	1,275,640	1,390,002	Guarantees for purchases; short-term secured loans and promissory notes.
	$ 1,375,285	$ 2,136,776	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. As of December 31, 2018 and 2017, the Group issued promissory notes to guarantee the suppliers’ credit limit amounting to $1,639,147 and $1,815,512, respectively, for inventory purchases.

B. On November 24, 2015, Kunshan Kunhao Electromechanical Co.Ltd. (Kunhao) filed a lawsuit against Syntech Asia Ltd. (SAL), the Group’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 thousand. 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 Group and Synnex Electronic Hong Kong Ltd, in United States District Court for Massachusetts for breach of agency contract since the Group 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 Group and Synnex Electronic Hong Kong Ltd to compensate for its losses amounting to USD 30,000 thousand. For this lawsuit, the Group 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 Group 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 Group again in Hong Kong International Arbitration Centre, and the Group lost the lawsuit in the third quarter of 2018. However, the possibility of the litigation is dependent upon the verdict of the third party lawsuit. Fairchild won the third party lawsuit in accordance with the judgement made by the United States District Court in the first stance (no compensation would be paid to the third party). Subsequently, the third party filed an appeal to the court of second instance, and the lawsuit is still under the assessment of the court. As the result of the litigation is uncertain, therefore, the Group 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 the law enforcement has initiated an investigation, the Court dismissed the complaint on January 22, 2018.

E. The liquidator of Dick Smith Electronics Pty Ltd. ("DSG") issued a letter of demand to Synnex Australia Pty Ltd. ("Synnex AUS") on February 6, 2018 indicating an unfair preference payment was made by DSG to Synnex AUS. Synnex AUS contends that the payment was related to the shipment of goods in the regular course of business of Synnex AUS. On behalf of Synnex AUS, the lawyers contend that the liquidator did not lodge a claim about unfair preference payment to Synnex AUS befor the regulatory deadline; therefore, the liquidator has no right to claim now. The outcome of the case has been determined and the liquidator of DSG has not made a claim with Synnex AUS.

(2) Commitments

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

	December 31, 2018	December 31, 2017
Property, plant and equipment	$ 174,230	$ 648,181

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, 2018	December 31, 2017
Not later than one year	$ 322,229	$ 408,916
Later than one year but not later than five years	853,795	574,150
Later than five years	135	40,857
Total	$ 1,176,159	$ 1,023,923

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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 2018, the Group's strategy was unchanged from 2017. The gearing ratios at December 31, 2018 and 2017 were 67% and 66%, respectively.

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(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets measured at fair value through profit or loss-current		
Financial assets mandatorily measured at fair value through profit or loss	$ 738,004	$ -
Financial assets held for trading	-	609,254
Financial assets at fair value through other comprehensive income-non-current		
Designation of equity instruments	1,023,708	-
Non-current financial assets at fair value through other comprehensive income		
Designation of equity instruments	1,561,538	-
Current available-for-sale financial assets	-	1,351,569
Non-current available-for-sale financial assets	-	48,861
Non-current financial assets at cost	-	1,721,020
Financial assets at amortised Cost/ Loans and receivables		
Cash and cash equivalents	5,674,663	5,714,960
Notes receivable, net	8,764,666	7,813,861
Notes receivable due from related parties, net	-	8,813
Accounts receivables, net	48,600,958	48,195,050
Accounts receivables due from related parties, net	340,215	224,600
Other receivables	7,054,731	7,228,657
Other receivables due from related parties	312	210
Other current assets, pledged time deposit	21,557	26,898
Other non-current assets, guarantee deposits paid	541,938	794,690
-Long-term overdue accounts and notes receivable	962,345	510,505
-Pledged time depasit	1,275,640	1,390,002
-Long-term lease payments receivable	163,725	134,341
	$ 76,724,000	$ 75,773,291

	December 31, 2018	December 31, 2017
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 2,417	$ 645
Financial liabilities at amortised cost		
Short-term borrowings	40,776,119	36,080,920
Short-term notes and bills payable	7,690,000	8,580,000
Note payable	1,758,453	3,268,210
Note payable to related parties	-	97
Account payable	37,527,280	34,553,760
Account payable to related parites	12,455	20,745
Other payables	5,814,717	7,288,832
Other payables to related parites	181	3,440
Other non-current liabilities-guarantee deposits received	143,307	140,157
	$ 93,724,929	$ 89,936,806

B. Financial risk management policies

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

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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.

iii. 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. However, these contracts are not accounted for under hedge accounting. The accounts are recorded as financial assets or financial liabilities at fair value through profit or loss. Please refer to Note 6(2).

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iv. The Group's businesses involve some non-functional currency operations (the Group'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, 2018		
	Foreign currency amount (In thousands) (Note 2)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 106,051	30.77	$ 3,263,189
USD:HKD (Note 1)	137,572	7.83	4,232,403
USD:AUD (Note 1)	11,829	1.42	363,919
AUD:USD (Note 1)	10,174	0.71	222,268
AUD:NTD (Note 1)	8,681	21.70	188,419
NZD:USD (Note 1)	10,970	0.67	226,156
RMB:HKD (Note 1)	1,133,803	1.14	5,082,458
Non-monetary items			
INR:USD (Note 1)	$ 8,959,455	0.014267	$ 3,932,522
THB:USD (Note 1)	1,217,806	0.030826	1,154,921
VND:USD (Note 1)	977,387,455	0.000043	1,292,981
Financial liabilities			
Monetary items			
USD:NTD	$ 16,064	30.77	$ 494,289
USD:HKD (Note 1)	204,881	7.83	6,303,164
USD:AUD (Note 1)	6,398	1.42	196,834
USD:RMB (Note 1)	353,520	6.86	10,876,043
AUD:USD (Note 1)	4,113	0.71	89,855
USD:IDR (Note 1)	11,470	14,492.75	352,932
RMB:HKD (Note 1)	1,124,603	1.14	5,041,218

	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

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.

v. 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, 2018 and 2017, amounted to ($179,646) and $410,159, respectively.

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

	Year ended December 31, 2018				
	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%	$	32,632	$	-
USD:HKD (Note)	1%		42,324		-
USD:AUD (Note)	1%		3,639		-
AUD:USD (Note)	1%		2,223		-
AUD:NTD (Note)	1%		1,884		-
USD:RMB (Note)	1%		2,262		-
RMB:HKD (Note)	1%		50,825		-
Financial liabilities					
Monetary items					
USD:NTD	1%	($	4,943)	$	-
USD:HKD (Note)	1%	(	63,032)		-
USD:AUD (Note)	1%	(	1,968)		-
USD:RMB (Note)	1%	(	108,760)		-
AUD:USD (Note)	1%	(	899)		-
USD:IDR (Note)	1%	(	3,529)		-
RMB:HKD (Note)	1%	(	50,412)		-

	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		-

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

i 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.

ii. 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, 2018 and 2017 would have increased/decreased by $7,380 and $6,093, 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 $10,0237 and $14,004, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Cash flow and fair value 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, 2018 and 2017, the Group’s borrowings at variable rate were denominated in the NTD, USD and AUD.

ii. The Company’s borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. At December 31, 2018 and 2017, if interest rates on borrowings had been 1% higher with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017 would have been $7,748 and $9,230 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. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group’s concern. According to the Group’s credit policy, 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 Management. The utilisation of credit limits is regularly monitored.

iii. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition after taking into consideration the historical experiences.

iv. In accordance with historical collections and customers' credit rating levels, the default occurs when the contract payments are past due over certain periods classified based on the credit rating of customers.

v. The Group classifies customers' notes and accounts receivable in accordance with the credit rating of customers. The Group applies the modified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The Group will continue executing the recourse procedures to secure their rights on those defaulted financial assets. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. For the year ended December 31, 2018, the Group's written-off financial assets that are still under recourse procedures amounted to $142,817.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable (including related parties), accounts receivable (including related parties) and overdue receivables. On December 31, 2018, the loss rate methodology is as follows:

	Group A	Group B	Group C	Group D	Total
December 31, 2018					
Rate	0.001%~0.3%	15%	50%	100%	
Total book value	$ 57,825,672	$ 9,002	$ 1,958,597	$ 1,194,345	$ 60,987,616
Loss allowance	$ 119,833	$ 1,350	$ 1,003,904	$ 1,194,315	$ 2,319,402

viii. Movements in relation to the Group applying the modified approach to provide loss allowance for notes receivable (including related parties), accounts receivables (including related parties) and overdue receivable are as follows:

	Year ended December 31, 2018				
	Notes receivable	Accounts receivable	Overdue receivables	Other receivables	Total
At January 1_IAS 39	$ 29,090	$ 145,957	$ 1,503,369	$ -	$ 1,678,416
Adjustments under new standards	-	(23,565)	-	-	(23,565)
At January 1_IFRS 9	29,090	122,392	1,503,369	-	1,654,851
Provision for (reversal of) impairment loss	(2,711)	(18,438)	856,183	6,845	841,879
Write-offs	-	(7,818)	(134,999)	-	(142,817)
Impact of changes in foreign exchange rate	(461)	(2,221)	(31,693)	(106)	(34,481)
At December 31	$ 25,918	$ 93,915	$ 2,192,860	$ 6,739	$ 2,319,432

ix. Credit risk information as of December 31, 2017 is provided in Note 12(4)

(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. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. 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, 2018	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 40,805,484	$ -	$ -	$ 40,805,484
Short-term notes and bills payable	7,691,797	-	-	7,691,797
Notes payable	1,758,453	-	-	1,758,453
Accounts payable (including related parties)	37,530,353	8,274	1,108	37,539,735
Other payables (including related parties)	5,789,871	18,894	6,133	5,814,898
Deposits received	-	143,307	-	143,307

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

Derivative financial liabilities:				
December 31, 2018	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ 2,417	$ -	$ -	$ 2,417

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

iv. 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. 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.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), other non-current receivables-guarantee deposits paid, other non-current assets-long-term overdue accounts and notes receivables, other non-current assets-pledged time deposits, other non-current assets-long-term lease payment receivable, short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties) and other payables (including related parties) and other non-current liabilities-guarantee deposits received) are approximate to their fair values.

D. 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, 2018 and 2017 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 738,004	$ -	$ -	$ 738,004
Financial assets at fair value through other comprehensive income-Current				
Equity securities	839,903	104,816	78,989	1,023,708
Financial assets at fair value through other comprehensive income-Non-Current				
Equity securities	-	1,391,666	169,872	1,561,538
Total	$ 1,577,907	$ 1,496,482	$ 248,861	$ 3,323,250

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

(b) The methods and assumptions the Group used to measure fair value are as follows:

i 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.

ii 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.

iii. 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.

iv. 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.

v. Forward exchange contracts are usually valued based on the current forward exchange rate.

vi. 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, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 108,891	$ 107,404
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	(56,294)	1,486
Transfer out from level 3	(30,937)	-
Translation adjustments under IFRS9	267,911	-
Effect of exchange rate changes	900	-
Capital deducted by returning cash	(41,610)	-
At December 31	$ 248,861	$ 108,890

G. Because Jetwell Computer Co., Ltd. has been listed on May 2018 and there is sufficient observable market information available, the Group has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred. In addition, 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, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 78,989	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	169,872	Net assets value	Not applicable	-	Not applicable
	$ 248,861				

	Fair value at	Valuation technique	Significant	Range	Relationship of

December 31, 2017	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 108,891	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, 2018			
			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%	$ -	$ -	$ 7,899	($ 7,899)
Equity instrument	Net assets value	± 1%	$ -	$ -	$ 1,699	($ 1,699)

			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)

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

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

i. They 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:

(i) Hybrid (combined) contracts; or

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

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

ii. 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.

iii. 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.

(b) Available-for-sale financial assets

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

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

iii. 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'.

(c) Loans and 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.

(d) Impairment of financial assets

i. 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.

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

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

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

(iii) 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;

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

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

(vi) 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;

(vii) 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;

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

iii. 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:

(i) 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.

(ii) 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.

(iii) 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.

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

i. They 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 selling in the short-term. Derivatives are also categorized 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:

(i) Hybrid (combined) contracts; or

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

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

ii. 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.

B. The reconciliations of carrying amount of financial assets (including allowance for impairment) transferred from December 31, 2017, IAS 39, to January 1, IFRS 9, were provided in Note 3(1).

C. The significant accounts as December 31, 2017, are as follows:

(a) Financial assets at fair value through other comprehensive income

Items	December 31, 2017
Current items:	
Financial assets held for trading	
Listed (TSE and OTC) stocks	$ 435,838
Valuation adjustment of financial assets held for trading	173,416
Total	$ 609,254
Financial liabilities held for trading	
Non-hedging derivatives-foreign exchange forward	$ 645

i. The Group recognised net (loss) gain of $30,909 on financial assets held for trading for the year ended December 31, 2017.

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

Foreign exchange forward

		December 31, 2018	
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)	

In 2017, 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 for the year ended December 31, 2017.

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

(a) Available-for-sale financial assets

	December 31, 2017
Current items:	
Listed(TSE and OTC) stocks	$ 817,498
Non- Listed(TSE and OTC) stocks	272,050
Subtotal	1,089,548
Valuation adjustment of available-for-sale financial assets	403,903
Accumulated impairment - available-for-sale financial assets	(141,882)
Total	$ 1,351,569
Non-current items:	
Listed (TSE and OTC) stocks	$ 4,846
Non-listed (TSE and OTC) stocks	24,712
Valuation adjustment of available-for-sale financial assets	22,021
Accumulated impairment - available-for-sale financial assets	(2,718)
Total	$ 48,861

i. The Group recognised $627,411 in other comprehensive income for fair value change for the year ended December 31, 2017.

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

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

(b) Financial assets measured at cost

	December 31, 2017
Non-current items:	
Non- Listed(TSE and OTC) stocks	$ 1,791,936
Accumulated impairment-financial assets measured at cost	(70,916)
Total	$ 1,721,020

i. 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 Group 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’.

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

(c) Notes receivable

	December 31, 2017
Notes receivable	$ 7,842,951
Less: Allowance for bad debts	(29,090)
	$ 7,813,861

(d) Accounts receivable and overdue receivables

	December 31, 2017
Accounts receivable	$ 48,209,393
Lease payments receivable (current portion)	131,614
Less: Allowance for bad debts	(145,957)
	48,195,050
Overdue receivables (recorded as other non-current assets)	2,013,874
Less: Allowance for bad debts	(1,503,369)
	510,505
	$ 48,705,555

i. Overdue receivables consist primarily of amounts due from customers under bankruptcy proceedings and are stated at their estimated net realizable value.

ii. The Group leases computers and computer peripherals assets to others under finance lease. The lease terms are later than three years, and the Group expects all lease panymets would be collected on schedule. The gross investments in those lease and present value of total minimum lease payments receivable as at December 31, 2017 is as follows:

	December 31, 2017		
	Total lease payments receivable	Unearned finance income	Net lease payments receivable
Current			
Not later than one year (receorded as net accounts receivable)	$ 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

D. Credit risk information for the year ended December 2017 are as follows:

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, 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. Only banks and financial institutions with optimal credit ratings are accepted.

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

(c) The ageing analysis of financial assets that was not impaired is as follows:

	December 31, 2017
Not past due	$ 43,390,485
Up to 60 days past due	5,234,288
60-120 days past due	393,942
121-180 days past due	114,748
More than 181 days past due	572,092
	$ 49,705,555

(d) Movement analysis of financial assets that were impaired is as follows:

i. Notes receivable

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 27,992	$ 27,992
Reversal of impairment loss during the year	-	1,642	1,642
Net exchange differences	-	(544)	(544)
At December 31	$ -	$ 29,090	$ 29,090

ii. Accounts receivable and overdue receivables

	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

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

(5) Effects of initial application of IFRS 15 and information on application of IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below.

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.

B. The revenue recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	Year ended December 31, 2017
Sales revenue	$ 363,386,723
Other revenue	821,154
Total	$ 364,207,877

C. The effects and description of current balance sheet items if the Group continues adopting above accounting policies are as follows:

	December 31, 2018		
Balance sheet items	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Other payables	$ 5,814,717	$ 7,662,376	($ 1,847,659)
Other current liabilities	2,120,420	272,761	1,847,659

Comprehensive income statement items: None.

Details of changes in accounting policies are provided in Note 3(1).

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 Group’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-Group 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.

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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, 2018 and 2017 was as follows:

Year ended December 31, 2018

	Taiwan	Hong Kong/China	Australia and New Zealand/Indonesia	Reconciliation	Total
Revenue from external customers	$ 59,138,208	$ 244,673,541	$ 79,383,190	$ -	$ 383,194,939
Inter-segment revenue	3,135,937	45,150,411	52,737	(48,339,085)	-
Segment revenue	$ 62,274,145	$ 289,823,952	$ 79,435,927	($ 48,339,085)	$ 383,194,939
Segment profit	$ 523,397	$ 2,829,801	$ 2,059,050	$ -	$ 5,412,248
Segment profit, including depreciation	$ 97,435	$ 154,029	$ 86,925	$ -	$ 338,389
Segment assets	$ 20,892,122	$ 99,624,664	$ 27,001,583	$ -	$ 147,518,369

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

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, 2018 and 2017 is provided as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Reportable segment profit	$ 5,412,248	$ 4,931,564
Total non-operating revenue and expenses	2,565,887	2,947,774
Income before income tax	$ 7,978,135	$ 7,879,338

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.

(5) Information on products and services

	Year ended December 31, 2018		Year ended December 31, 2017	
Product revenue	$	382,161,053	$	363,386,722
Others		1,033,886		821,155
Total	$	383,194,939	$	364,207,877

(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,							
	2018				2017			
	Revenue		Non-current assets		Revenue		Non-current assets	
Taiwan	$	59,138,208	$	1,478,916	$	60,229,109	$	1,491,833
China and Hong Kong		244,673,541		5,971,130		229,592,881		6,379,135
Australia, New Zealand and Indonesia		79,383,190		2,074,928		74,385,887		1,710,108
Total	$	383,194,939	$	9,524,974	$	364,207,877	$	9,581,076

(7) Major customer information

In 2018 and 2017, no single customer accounted for more than 10% of net operating revenue. Accordingly, no major customer information is presented.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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.

Report of Independent Accountants Translated From Chinese

PWCR18000433

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

Opinion

We have audited the accompanying parent company only balance sheets of Synnex Technology International Corporation (the "Company") as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the reports of other independent accountants (see information disclosed in the *Other Matter - Scope of the Audit* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2018 and 2017, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

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

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

Key audit matter – Assessment of allowance for uncollectible accounts

Description

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

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

How our audit addressed the matter

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

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

Key audit matter – Assessment of allowance for valuation of inventory

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

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

How our audit addressed the matter

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

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

Key audit matter – Assessment of purchase rebate

Description

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

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

How our audit addressed the matter

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

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 have received debit notes or other supporting documents from suppliers to check whether actual rebate approximated the estimation. In addition, after balance sheet date, checked whether there were 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 investments accounted for using equity method and financial statements of certain subsidiaries which were included in the parent company only financial statements of the Company and were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the investments accounted for using equity method and the amounts and the information disclosed in Note 13 included in these financial statements, is based solely on the reports of the other independent accountants. Additionally, for certain investees financial reports that were prepared under different accounting standards, we have performed required additional auditing procedures for the adjustments of these reports in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers". Therefore, our opinion expressed regarding the amounts before adjustments in the aforementioned investees' financial statements is based solely on the reports of the other independent accountants.

On December 31, 2018 and 2017, the balance of investments accounted for using equity method of certain subsidiaries was NT$14,598,752 thousand and $13,120,387 thousand, respectively, constituting 16% and 15% of parent company only total assets respectively; for the years ended December 31, 2018 and 2017, the recognised net profit of investments accounted for using equity method was NT$1,874,556 thousand and 1,787,220 thousand, respectively, constituting 28% and 29% of parent company only net profits respectively; In addition, for the years ended December 31, 2018 and 2017, the recognised comprehensive income of investments accounted for using equity method was NT $2,065,537 thousand and $1,704,450 thousand, respectively, constituting 36% and 41% of the parent company comprehensive income, respectively.

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

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

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

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

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

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

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

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

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

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

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

Yeh, Tsui Miao   Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2019

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

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

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

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

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2018 AND 2017

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

			Years ended December 31,			
			2018		2017	
		Notes	Amount	%	Amount	%
4000	**Sales revenue**	6(18) and 7(2)	$ 43,218,857	100	$ 45,686,499	100
5000	**Operating costs**	6(6) and 7(2)	(41,063,307)	(95)	(43,583,028)	(96)
5950	**Net operating margin**		2,155,550	5	2,103,471	4
	Operating expenses	6(13)(22) and (23)				
6100	Selling expenses		(1,031,494)	(2)	(942,618)	(2)
6200	General and administrative expenses		(1,057,823)	(3)	(1,001,505)	(2)
6450	Expected credit loss	12(2)	(1,213)	-	-	-
6000	**Total operating expenses**		(2,090,530)	(5)	(1,944,123)	(4)
6900	**Operating profit**		65,020	-	159,348	-
	Non-operating income and expenses					
7010	Other income	6(19)	885,324	2	804,980	2
7020	Other gains and losses	6(20)	115,988	-	77,072	-
7050	Finance costs	6(21)	(361,761)	(1)	(358,416)	(1)
7070	Share of profit of associates and joint ventures accounted for under the equity method	6(7)	5,998,305	14	5,472,520	12
7000	**Total non-operating income and expenses**		6,637,856	15	5,996,156	13
7900	**Profit before income tax**		6,702,876	15	6,155,504	13
7950	Income tax expense	6(24)	(95,472)	-	(40,608)	-
8200	**Profit for the year**		$ 6,607,404	15	$ 6,114,896	13
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(13)	($ 20,152)	-	($ 13,003)	-
8316	Unrealized gain (losses) on financial assets at fair value through comprehensive income		(284,546)	(1)	-	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		30,009	-	(5,347)	-
8349	Components of other comprehensive income that will not be reclassified to profit or loss	6(24)	9,909	-	2,211	-
8310	**Components of other comprehensive income that will be reclassified to profit or loss**		(264,780)	(1)	(16,139)	-
8361	Financial statements translation differences of foreign operations	6(17)	(847,646)	(2)	(2,120,500)	(5)
8362	Unrealized loss on valuation of available-for-sale financial assets	6(17) and 12(4)	-	-	221,551	1
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method		194,452	1	(84,692)	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(653,194)	(1)	(1,983,641)	(4)
8300	**Total other comprehensive loss for the year**		($ 917,974)	(2)	($ 1,999,780)	(4)
8500	**Total comprehensive income for the year**		$ 5,689,430	13	$ 4,115,116	9
	Earnings per share	6(25)	$	3.96	$	3.67
9750	**Basic earnings per share**					
9850	**Diluted earnings per share**		$	3.96	$	3.67

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

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

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

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

(Continued)

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

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

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) The Company, incorporated in 1988, is 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.

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

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 13, 2019.

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 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’	January 1, 2018
Amendments to IFRS 4, ‘Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts’	January 1, 2018
IFRS 9, ‘Financial instruments’	January 1, 2018
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018

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

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

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, 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.

B. IFRS 15, ‘Revenue from contracts with customers’ and amendments

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

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

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

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

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

C. Amendments to IAS 7, ‘Disclosure initiative’

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Company expects to provide additional disclosure to explain the changes in liabilities arising from financing activities.

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

Balance sheet Affected items January 1, 2018	2017 version IFRSs amount	Effect of adoption of new standards	2018 version IFRSs amount	Remark
Financial assets at fair value through profit or loss	$ -	$ 51,331	$ 51,331	B
Available-for-sale financial assets	1,351,569	(1,351,569)	-	A,B
Financial assets at fair value through other comprehensive income	-	2,851,047	2,851,047	A
Financial assets at cost	1,691,359	(1,691,359)	-	A
Investments accounted for under equity method	66,061,628	20,589	66,082,217	C
Total affected assets	$ 69,104,556	($ 119,961)	$ 68,984,595	
Other payables	1,045,683	($ 227,429)	818,254	D
Other current liabilities	65,911	227,429	293,340	D
Total affected liabilities	$ 1,111,594	$ -	$ 1,111,594	
Retained earnings	$ 9,207,169	$ 324,942	$ 9,532,111	A,B,C
Other equity interest	(4,820,548)	(444,903)	(5,265,451)	A,B,C
Total affected equity	$ 4,386,621	($ 119,961)	$ 4,266,660	

A. In accordance with IFRS 9, the Company reclassified available-for-sale financial assets and financial asset at amortised cost of $1,300,238 and $1,691,359, respectively, by making an irrevocable election on investment in equity instruments that are not held for trading, increasing financial asset at fair value through other comprehensive income and retained earnings as well as decreasing other equity interest in the amounts of $2,851,047, $210,902 and $351,452, respectively.

B. In accordance with IFRS 9, the Company reclassified available-for-sale financial assets of $51,331 by increasing financial assets at fair value through profit or loss and retained earnings as well as decreasing other equity interest in the amounts of $51,331, $32,524 and $32,524, respectively.

C. In accordance with IFRS 9 and IFRS 15, the Company increased investments accounted for using equity method and retained earnings as well as decreased other equity interest in the amounts of $20,589, $81,516 and $60,927, respectively.

D. In line with IFRS 15 requirements, the Company changed the presentation of certain accounts in the balance sheet as follows:

Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as refund liabilities (shown as other current liabilities), but were previously presented as other payables in the balance sheet. As of January 1, 2018, the balance amounted to $227,429.

E. Please refer to Notes 12(4) and (5) for other disclosures in relation to the first application of IFRS 9 and IFRS 15.

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

New standards, interpretations and amendments endorsed by FSC effective from 2019 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
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

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

The Company expects to recognise the lease contract of lessees in line with IFRS 16. However, the Company does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"), and the effects will be adjusted on January 1, 2019.

The Company expects to recognise the lease contract of lessees in line with IFRS 16. However, the Company does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"). Accordingly, on January 1, 2018, the Company will have to increase 'right-of-use asset' by $254,360 and increase lease liability by $254,360. These related effects will be adjusted on January 1, 2019.

(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
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1)Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2)Basis of preparation

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

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

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

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Company has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 was not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3)Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

(d) All 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 Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

(b) When the foreign operation partially disposed of or sold is 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 Company 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 Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4)Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5)Cash equivalents

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

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

Effective 2018

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

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. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

Effective 2018

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

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

C. The Company initially recognised these financial assets at fair value plus transaction costs and subsequently remeasured and stated at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

Effective 2018

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company’s business model is achieved by collecting contractual cash flows.

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

Effective 2018

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

Effective 2018

For financial assets at amortised cost and lease receivables, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

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

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

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

(12) 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.

(13) Investments accounted for using equity method / subsidiaries and associates

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

B. Unrealised gains or losses on transactions between the Company and subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

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

D. Associates are all entities over which the Company 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.

E. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

F. 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 Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.

H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company'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 Company'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.

I. When the Company 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.

J. When the Company 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.

K. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(14) Property, plant and equipment

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

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

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

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

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

Buildings and structures	20 - 50 years
Utilities equipment	7 - 15 years
Computer equipment	3 - 7 years
Transportation equipment	7 years
Furniture and fixtures	5 years
Machinery and equipment	5 - 20 years
Leasehold improvements	3 years

(15) Leased assets/operating leases

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.

(16) Intangible assets

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

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. 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.

(18) Borrowings

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

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.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at 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. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) 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.

(22) 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.

(23) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(24) Provisions

Warranties provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. 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.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as 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 Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. 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 Company’s decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees’ compensation 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.

(26) 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 tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

(27) Share capital

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

(28) 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.

(29) Revenue recognition

Effective 2018

A. Sales of goods

(a) The Company sells information, communication, electronic and consumer electronic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated returns, volume discounts and sales discounts for the sale of goods. The volume rebates and discounts are estimated based on the anticipated annual sales quantities and experiences, and recognised as refund liability. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date.

(c) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Company provides services of tally, installment and maintenance. Revenue from providing services is recognised in the accounting period in which the services are rendered.

C. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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

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

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

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the good or service before it is provided to a customer include the following:

A. The Company is primarily responsible for the provision of goods or services;

B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Company has discretion in establishing prices for the goods or services.

(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 Company 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, Company'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 Company 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 Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company 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, 2018	December 31, 2017
Cash on hand and revolving funds	$ 361	$ 369
Checking accounts and demand deposits	565,327	581,756
	$ 565,688	$ 582,125

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

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

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

Items	December 31, 2018
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed (TSE and OTC) stocks	$ 18,806
Valuation adjustment	26,936
	$ 45,742

A. The Company recognised net loss amounting to ($5,589) on financial assets at fair value through profit or loss for the year ended December 31, 2018.

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

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3)Financial assets at fair value through other comprehensive income

Items	December 31, 2018
Current items:	
Equity instruments	
Listed (TSE and OTC) stocks	$ 798,693
Non-listed (TSE and OTC) stocks	272,050
	1,070,743
Valuation adjustment	(109,765)
Total	$ 960,978
Non-current items:	
Equity instruments	
Emerging (TSE and OTC) stocks	$ 1,571,898
Non-listed (TSE and OTC) stocks	110,337
	1,682,235
Valuation adjustment	(149,261)
Total	$ 1,532,974

A. The Company has elected to classify share investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,493,952 as at December 31, 2018.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	($ 284,546)

C. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

D. The information on December 31, 2017 is provided in Note 12(4).

(4) Notes receivable, accounts receivable and overdue receivables

	December 31, 2018
Notes receivable	$ 394,140
Notes receivable due from related party	31,005
Less: Allowance for bad debts	(170)
	$ 424,975
Accounts receivable	$ 4,941,384
Accounts receivable due from related party	129,911
Less: Allowance for bad debts	(2,014)
	5,069,281
Overdue receivables (recorded as other non-current assets)	$ 12,225
Less: Allowance for bad debts	(4,195)
	8,030
	$ 5,077,311

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, 2018 and 2017, the Company received certain security for a portion of the amounts due.

A. The ageing analysis of accounts receivable and notes receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2018	
	Accounts receivable	Notes receivable
Not past due	$ 4,554,415	$ 425,145
Up to 60 days past due	484,066	-
61-120 days past due	7,682	-
121-180 days past due	2,133	-
More than 181 days past due	22,999	-
	$ 5,071,295	$ 425,145

The above ageing analysis was based on past due date.

B. The ageing analysis of overdue receivables that were past due but not impaired is as follows:

	December 31, 2018
Not past due	$ -
Up to 60 days past due	-
61-120 days past due	265
121-180 days past due	301
More than 181 days past due	11,659
	$ 12,225

The above ageing analysis was based on past due date.

C. The Company does not hold any collateral as security for the aforementioned account receivables.

D. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

E. The information of notes and accounts receivable on December 31, 2017 is provided in Note 12(4).

(5)Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

The Company entered into a factoring agreement with a bank to sell its accounts receivable. Under the agreement, the Company 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 Company does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognised the transferred accounts receivable, and the related information is as follows:

(Unit: USD thousand)

December 31, 2018			
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced
$443,271 (US$14,345)	$443,271 (US$14,345)	US$43,500	$443,271 (US$14,345)
$251,473 (US$8,138)	$251,473 (US$8,138)	US$15,000	$251,473 (US$8,138)
$82,308 (US$2,666)	$82,308 (US$2,666)	US$45,000	$82,308 (US$2,666)

Unit: USD thousand)

December 31, 2017			
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced
$613,107	$613,107	US$43,500	$613,107
(US$20,381)	(US$20,381)		(US$20,381)
$192,346	$192,346	US$10,000	$192,346
(US$6,391)	(US$6,391)		(US$6,391)
$554,404	$554,404	US$45,000	$554,404
(US$18,415)	(US$18,415)		(US$18,415)

(6)Inventories

	December 31, 2018		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 3,656,645	($ 41,251)	$ 3,615,394

	December 31, 2017		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 3,427,682	($ 30,609)	$ 3,397,073

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2018	2017
Cost of inventories sold	$ 41,051,079	$ 43,584,806
Loss on (gain on reversal of) decline in market value	10,642	(4,219)
Loss on retirement	1,586	2,441
	$ 41,063,307	$ 43,583,028

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

(7)Investments accounted for under equity method

A. The details are as follows:

	December 31, 2018		December 31, 2017	
	Balance	Percentage ownership	Balance	Percentage ownership
Subsidiaries:				
Synnex Global Ltd.(Note 1)	$ 69,153,475	100.00%	$ 63,602,078	100.00%
Bestcom Infotech Corp. (Notes 2 and 3)	1,853,114	94.57%	1,749,395	94.09%
E-Fan Investments CO., LTD.	449,152	100.00%	567,462	100.00%
SEPER TECHNOLOGY CORPORATION	101,777	100.00%	95,575	100.00%
Synergy Intellingent Logistics corporation (Note 4)	71,891	100.00%	47,118	100.00%
	$ 71,629,409		$ 66,061,628	

B. The above investments accounted for under the equity method are profit/(loss) of associates and subsidiaries recognised based on annual audited financial statements issued by the investees' independent accountants for the years ended December 31, 2018 and 2017. Details are as follows:

	Profit/(loss) of associates	
	Years ended December 31,	
	2018	2017
Synnex Global Ltd.(Note 1)	$ 5,705,715	$ 5,111,035
Bestcom Infotech Corp.P (Notes 2 and 3)	231,305	209,147
SEPER TECHNOLOGY CORPORATION	98,345	92,143
E-Fan Investments CO., LTD.	(61,833)	62,752
Synergy Intellingent Logistics corporation (Note 4)	24,773	(2,557)
	$ 5,998,305	$ 5,472,520

Note 1: The investees of Synnex Global Ltd. were accounted for using equity method. The investees' financial statements were audited by other independent accountants. The financial statements of certain investees were prepared using a different basis of accounting. Therefore, the Company changed the basis of preparation of investees to "Regulations Governing the Preparation of Financial Reports by Securities Issuers". These investment profits amounting to $1,874,556 and $1,787,220 as well as other comprehensive income (loss) amounting to $190,981 and ($82,770) for the years ended December 31, 2018 and 2017, respectively, were based on the investee's financial statements audited by other independent accountants. As of December 31, 2018 and 2017, the related investments were stated at $14,598,752 and $13,120,387, respectively.

Note 2: On April 6, 2017, the Company sold 5.91% shares of its wholly-owned subsidiary - BESTCOM INFOTECH CORP. and the shareholding ratio was decreased to 94.09%.

Note 3: On April 30, 2018, the Company acquired an additional 0.48% shares of its subsidiary - BESTCOM INFOTECH CORP. for a cash consideration of $8,210 and the shareholding ratio was increased to 94.57%.

Note 4: Synergy Intellingents Logistics Corporation was established in 2016, and renamed to Synlogics Service Corporation in 2017.

C. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2018.

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(8)Property, plant and equipment

	Land	Buildings and structures	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Total
At January 1, 2018									
Cost	$ 570,340	$ 644,696	$ 142,435	$ 379,324	$ 100,291	$ 1,059	$ 243,559	$ 927	$ 2,082,631
Accumulated depreciation	-	(282,865)	(135,699)	(229,824)	(61,157)	(432)	(231,752)	(408)	(942,137)
	$ 570,340	$ 361,831	$ 6,736	$ 149,500	$ 39,134	$ 627	$ 11,807	$ 519	$ 1,140,494
2018									
Opening net book amount	$ 570,340	$ 361,831	$ 6,736	$ 149,500	$ 39,134	$ 627	$ 11,807	$ 519	$ 1,140,494
Additions	-	742	768	38,293	-	-	15,660	-	55,463
Reclassifications	-	-	-	-	-	-	21,620	-	21,620
Disposals	-	-	(259)	(786)	(606)	(3)	(195)	(54)	(1,903)
Depreciation charge	-	(17,762)	(2,312)	(48,005)	(10,829)	(162)	(3,012)	(286)	(82,368)
Closing net book amount	$ 570,340	$ 344,811	$ 4,933	$ 139,002	$ 27,699	$ 462	$ 45,880	$ 179	$ 1,133,306
At December 31, 2018									
Cost	$ 570,340	$ 645,411	$ 81,743	$ 295,351	$ 81,420	$ 777	$ 256,202	$ 652	$ 1,931,896
Accumulated depreciation	-	(300,600)	(76,810)	(156,349)	(53,721)	(315)	(210,322)	(473)	(798,590)
	$ 570,340	$ 344,811	$ 4,933	$ 139,002	$ 27,699	$ 462	$ 45,880	$ 179	$ 1,133,306

	Land	Buildings and structures	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Total
At January 1, 2017									
Cost	$ 570,340	$ 647,108	$ 152,211	$ 333,355	$ 104,907	$ 1,642	$ 488,893	$ 1,283	$ 2,299,739
Accumulated depreciation	-	(267,488)	(143,605)	(198,076)	(57,630)	(1,140)	(468,370)	(425)	(1,136,734)
	$ 570,340	$ 379,620	$ 8,606	$ 135,279	$ 47,277	$ 502	$ 20,523	$ 858	$ 1,163,005
2017									
Opening net book amount	$ 570,340	$ 379,620	$ 8,606	$ 135,279	$ 47,277	$ 502	$ 20,523	$ 858	$ 1,163,005
Additions	-	-	1,113	59,707	3,247	387	6,933	-	71,387
Disposals	-	(48)	(86)	(45)	(285)	-	(1,232)	-	(1,696)
Depreciation charge	-	(17,741)	(2,897)	(45,441)	(11,105)	(262)	(14,417)	(339)	(92,202)
Closing net book amount	$ 570,340	$ 361,831	$ 6,736	$ 149,500	$ 39,134	$ 627	$ 11,807	$ 519	$ 1,140,494
At December 31, 2017									
Cost	$ 570,340	$ 644,696	$ 142,435	$ 379,324	$ 100,291	$ 1,059	$ 243,559	$ 927	$ 2,082,631
Accumulated depreciation	-	(282,865)	(135,699)	(229,824)	(61,157)	(432)	(231,752)	(408)	(942,137)
	$ 570,340	$ 361,831	$ 6,736	$ 149,500	$ 39,134	$ 627	$ 11,807	$ 519	$ 1,140,494

Note 1: The significant components of buildings include office buildings and warehouse with main buildings and improvements, which are depreciated over 20~55 and 10~35 years, respectively.

Note 2: No property, plant and equipment were pledged to others as collateral and no interest was capitalised.

(9) Other non-current assets

	December 31, 2018	December 31, 2017
Refundable deposits	$ 26,804	$ 26,287
Long-term notes and overdue receivables	8,030	13,005
Pledged time deposits	721,870	720,736
Others	2,458	31,026
	$ 759,162	$ 791,054

(10) Short-term borrowings

Bank borrowings			
Unsecured borrowings	$ 29,990,000	0.90%~1.10%	None

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 26,201,000	0.90%~1.04%	None

(11) Short-term notes and bills payable

	December 31, 2018	December 31, 2017
Commercial paper payable	$ 7,350,000	$ 8,290,000
Interest rate range	1.00%~1.07%	0.85%~1.02%

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

(12) Other payables / Other current liabilites

A. Other payables

	December 31, 2018	December 31, 2017
Salary payable and bonus	$ 301,234	$ 295,297
Temporary receipt of suppliers	233,824	262,563
Dealers' bonus payable	-	227,429
Accrued expenses-others	197,822	171,768
Other payables-others	103,480	88,626
	$ 836,360	$ 1,045,683

B. Other current liabilities

	December 31, 2018	December 31, 2017
Dealers' bonus payable	$ 275,261	$ -
Other current liabilities-others	-	65,911
	$ 275,261	$ 65,911

Sales discounts and allowances of payable on incentive fee for distributors were recognised as refund liability (shown as 'other current liabilities') under IFRS 15 on December 31, 2018.

(13) 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 contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by 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.

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

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 505,749)	($ 490,659)
Fair value of plan assets	197,543	202,528
Net defined benefit liability (recorded as other non-current liabilities)	($ 308,206)	($ 288,131)

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(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, 2018			
Balance at January 1	($ 490,659)	$ 202,528	($ 288,131)
Current service cost	(3,113)	-	(3,113)
Interest (expense) income	(5,397)	2,228	(3,169)
	(499,169)	204,756	(294,413)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	6,079	6,079
Change in financial assumptions	(9,689)	-	(9,689)
Experience adjustments	(16,542)	-	(16,542)
	(26,231)	6,079	(20,152)
Pension fund contribution	-	6,359	6,359
Paid pension	19,651	(19,651)	-
Balance at December 31	($ 505,749)	$ 197,543	($ 308,206)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 483,667)	$ 208,466	($ 275,201)
Current service cost	(3,353)	-	(3,353)
Interest (expense) income	(6,771)	2,919	(3,852)
	(493,791)	211,385	(282,406)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(792)	(792)
Change in financial assumptions	(14,460)	-	(14,460)
Experience adjustments	2,249	-	2,249
	(12,211)	(792)	(13,003)
Pension fund contribution	-	7,278	7,278
Paid pension	15,343	(15,343)	-
Balance at December 31	($ 490,659)	$ 202,528	($ 288,131)

(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, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2018	2017
Discount rate	0.90%	1.10%
Future salary increases	4.00%	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, 2018				
Effect on present value of defined benefit obligation	$ 12,067	($ 12,522)	($ 10,978)	$ 10,659
December 31, 2017				
Effect on present value of defined benefit obligation	$ 12,095	($ 12,560)	($ 11,026)	$ 10,697

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.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2019 amounts to $6,282.

(g) As of December 31, 2018, the weighted average duration of that retirement plan is 10 years.

B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with

R.O.C. nationality. Under the New Plan, the Company 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 Company for the years ended December 31, 2018 and 2017 were $52,361 and $50,425, respectively.

(14) Share capital

A. As of December 31, 2018, 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:

	2018	2017
At January 1 (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, 2018, the total number of GDSs outstanding was 938,465 units, representing 3,753,872 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.

(15) 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.

	Year ended December 31, 2018					
	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	$ 167,496	$ 228,445	$ 1,299	$ 14,364,858
Changes in equity of associates and joint ventures	-	-	480,615	-	-	480,615
Difference between consideration and carrying amount of subsidiaries disposed	-	-	6	-	-	6
Unclaimed dividends	-	-	-	-	1,307	1,307
At December 31	$ 13,626,940	$ 340,678	$ 648,117	$ 228,445	$ 2,606	$ 14,846,786

	Year ended December 31, 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

(16) 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) the remaining amounts (plus the retained earnings carried over from beginning 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 2017 and 2016 earnings had been resolved at the stockholders' meeting on June 12, 2018 and June 7, 2017, respectively. Details are summarized below:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 611,490	$ -	$ 487,668	$ -
Special reserve	1,983,231	-	2,710,805	-
Cash dividends	3,669,483	2.20	1,667,947	1.00

(b) The appropriation of 2018 earnings had been proposed at the Board of Directors' meeting on March 13, 2019. Details are summarized below:

	Year ended December 31, 2018	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 660,740	$ -
Special reserve	1,356,458	-
Cash dividends	3,335,894	2.00

E. For information relating to employees' remuneration (bonus) and directors' and supervisors' remuneration, please refer to Note 6(23).

(17) Other equity items

	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1, 2018	($ 5,249,825)	$ 429,277	($ 4,820,548)
Effect of retrospective application and retrospective restatement	-	(444,903)	(444,903)
Balance at January 1, 2018 after retrospective adjustments	(5,249,825)	(15,626)	(5,265,451)
Revaluation:			
-The Company	-	(284,546)	(284,546)
-Subsidiaries and associates	-	26,184	26,184
Currency translation differences:			
-Group	(847,646)	-	(847,646)
-Associates	194,452	-	194,452
At December 31, 2018	($ 5,903,019)	($ 273,988)	($ 6,177,007)

	Currency translation	Available-for-sale investments	Total
At January 1, 2017	($ 3,044,176)	206,858	($ 2,837,318)
Transfer out for provision of impairment	-	(407,864)	(407,864)
Revaluation:			
-Company	-	629,365	629,365
-Subsidiaries and associates	-	918	918
Currency translation differences:			-
-Company	(2,120,039)	-	(2,120,039)
-Subsidiaries and associates	(85,610)	-	(85,610)
At December 31, 2017	($ 5,249,825)	$ 429,277	($ 4,820,548)

(18) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	$ 42,742,218
Others	476,639
	$ 43,218,857

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

2018		Taiwan
Product type		
Computers and computer peripherals components	$	42,742,218
Others		476,639
	$	43,218,857
Timing of revenue recognition		
At a point in time	$	42,742,218
Over time		476,639
	$	43,218,857

B. Related disclosures for 2017 operating revenue are provided in Note 12(5).

(19) Other income

	Years ended December 31,			
	2018		2017	
Rental revenue	$	6,372	$	4,475
Interest income from bank deposits		3,868		2,113
Dividend income		152,968		118,199
Management services revenue		642,330		620,443
Others		79,786		59,750
Total	$	885,324	$	804,980

(20) Other gains and losses

	Years ended December 31,			
	2018		2017	
Net currency exchange gains (losses)	$	148,522	($	279,519)
Gain on disposal of property, plant and equipment		5,010		493
Net loss on financial assets at fair value through profit or loss	(	5,589)		-
Gain on disposal of investments		-		357,363
Others	(	31,955)	(	1,265)
Total	$	115,988	$	77,072

(21) Finance costs

	Years ended December 31,			
	2018		2017	
Interest expense:				
Bank borrowings	$	282,446	$	281,078
Short-term notes and bills payable		65,585		66,197
Other interest		13,730		11,141
Finance costs	$	361,761	$	358,416

(22) Expenses by nature

	Years ended December 31,	
	2018	2017
Employee benefit expense	1424555.00	1320027.00
Depreciation charges on property, plant and equipment	82368.00	92202.00
Amortisation charges on intangible assets	42308.00	43593.00
	1549231.00	1455822.00

(23) Employee benefit expense

	Years ended December 31,	
	2018	2017
Wages and salaries	$ 1,233,047	$ 1,137,969
Labor and health insurance fees	99,147	95,263
Pension costs	58,643	57,630
Directors' remuneration	7,500	6,000
Other personnel expenses	26,218	23,165
	$ 1,424,555	$ 1,320,027

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, 2018 and 2017, employees’ compensation (bonus) was accrued at $700 and $600, respectively; directors’ and supervisors’ remuneration was accrued at $7,500 and $6,000, respectively. 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 0.11% of distributable profit of current year for the year ended December 31, 2018. 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 2017 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2017 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.

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(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Current tax liabilities	$ 59,334	$ 64,631
Prior year income tax (over) underestimation	(28,798)	2,107
Unpaid income tax of prior years	-	(3,876)
Prepaid income tax	18,363	14,672
Additional 10% tax on undistributed earnings	-	(1,026)
Total current tax	48,899	76,508
Deferred tax:		
Origination and reversal of temporary differences	59,417	(36,926)
Impact of change in tax rate	(12,844)	-
Total deferred tax	46,573	(36,926)
Others:		
Additional 10% tax on undistributed earnings	-	1,026
Income tax expense	$ 95,472	$ 40,608

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

	Years ended December 31, 2018	Years ended December 31, 2017
Remeasurement of defined benefit obligations	$ 4,031	$ 2,211
Impact of change in tax rate	5,878	-
	$ 9,909	$ 2,211

(c) No income tax charged / (credited) to equity for the years ended December 31, 2018 and 2017.

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2018	Years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 1,340,575	$ 1,041,195
Effects from items disallowed by tax regulation	(75,162)	(140,117)
Temporary differences not recognised as deferred tax liabitities	(1,141,143)	(863,603)
Additional 10% tax on undistributed earnings	-	1,026
Prior year income tax (over) underestimation	(28,798)	2,107
Income tax expense	$ 95,472	$ 40,608

Note: For the years ended December 31, 2018 and 2017, the Company applied tax rate of 20% and 17%, respectively.

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

	Year ended December 31, 2018			
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	December 31,
Deferred tax assets:				
-Temporary differences:				
Unrealized bad debts	$ 856	1,318	$ -	$ 2,174
Unrealized loss on inventory value decline	5,204	3,046	-	8,250
Repair and warranty expenses	6,327	(559)	-	5,768
Unused compensated absences	3,400	452	-	3,852
Accrued pensions	48,982	2,750	9,909	61,641
Unrealised exchange loss	41,326	(41,326)	-	-
Others	-	19,865	-	19,865
Subtotal	$ 106,095	($ 14,454)	$ 9,909	$ 101,550
-Deferred tax liabilities:				
Unrealised exchange gain	-	($ 32,119)	-	($ 32,119)
Total	$ 106,095	($ 46,573)	$ 9,909	$ 69,431

	Year ended December 31, 2017			
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	December 31,
Deferred tax assets:				
-Temporary differences:				
Unrealized bad debts	$ 3,812	($ 2,956)	$ -	$ 856
Unrealized loss on inventory value decline	5,921	(717)	-	5,204
Repair and warranty expenses	8,082	(1,755)	-	6,327
Unused compensated absences	3,363	37	-	3,400
Accrued pensions	46,784	(13)	2,211	48,982
Unrealised exchange loss	-	41,326	-	41,326
Subtotal	$ 67,962	35,922	$ 2,211	$ 106,095
-Deferred tax liabilities:				
Unrealised exchange gain	($ 1,004)	1,004	-	-
Total	$ 66,958	$ 36,926	$ 2,211	$ 106,095

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

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ -	$ 15,935

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2018 and 2017, the amounts of temporary difference unrecognised as deferred tax liabilities were $10,309,219 thousands and $7,819,098 thousands, respectively.

F. As of December 31, 2018, the Company's income tax returns through 2015 have been assessed and approved by the Tax Authority.

G. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(25) Earnings per share

	Year ended December 31, 2018		
	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	$ 6,607,404	1,667,947	$ 3.96
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	6,607,404	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	26	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 6,607,404	1,667,973	$ 3.96

	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

(26) Acquisition of ownership interests in subsidiaries

A. Acquisition of additional equity interest in a subsidiary

On April 30, 2018, the Company acquired an additional 0.48% shares of its subsidiary - Bestcom Infotech Corp. for a cash consideration of $8,210. The carrying amount of non-controlling interest in Bestcom Infotech Corp. was $8,216 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $8,216 and an increase in the equity attributable to owners of the parent by $$8,216. The effect of changes in interests in Bestcom Infotech Corp. on the equity attributable to owners of the parent for the year ended December 31, 2018 is shown below:

	Year ended December 31, 2018
Consideration paid to non-controlling interest	($ 8,210)
Decrease in the carrying amount of non-controlling interest	8,216
Capital surplus - difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	$ 6

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

The Company disposed 5.91% equity of Bestcom Infotech Corp. that was previously wholly owned by the Company 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)

(28) Supplemental cash flow information

	Years ended December 31, 2018	Years ended December 31, 2017
Purchase of intangible assets	$ 33,509	$ 11,736
Add: Opening balance of other payables	-	9,503
Less: Ending balance of other payables	-	-
Cash paid during the period	$ 33,509	$ 21,239

(29) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Liabilities from financing activities-gross
At January 1, 2018	$ 26,201,000	$ 8,290,000	$ 34,491,000
Changes in cash flow from financing activities	3,789,000	(940,000)	2,849,000
At December 31, 2018	$ 29,990,000	$ 7,350,000	$ 37,340,000

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Other related parties:	
Mitac International Corporation	The Company's chairperson is the related party's chairperson
Mitac Information Technology Corporation	The Company's chairperson is the related party's vice chairperson
Mitac Incorporated	The Company's chairperson is the related party's chairperson
Mitac Digital Technology Corporation	The Company's chairperson is the related party's director
Lien-Hwa Industrial Corporation	The Company's chairperson is the related

Names of related parties	Relationship with the Company
	party's chairperson
Union Petrochemical Corporation	The Company's chairperson is the related party's chairperson
Harbinger III Venture Capital 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 Communication Co., Ltd.	The related party's director is the second-degree relative of the Company's chairperson
Tong Da Investment Corporation (Tong Da)	The Company's chairperson is the related party's chairperson
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
Lien Yuan Investment Corp.	The related party - Tong Da's chairperson is the related party's chairperson
<u>Subsidiaries:</u>	
E-Fan Investments CO., LTD.	Subsidiary wholly owned by the Company
SEPER TECHNOLOGY CORPORATION	Subsidiary wholly owned by the Company
Synnex Global Ltd.(Synnex Global)	Subsidiary wholly owned by the Company
Syntech Asia Ltd.(SAL)	Indirect subsidiary wholly owned by the Company
Synnex Australia Pty. Ltd. (Synnex Australia)	Indirect subsidiary wholly owned by the Company
Synnex New Zealand Ltd. (Synnex New Zealand)	Indirect subsidiary wholly owned by the Company
Synnex (Shanghai) Ltd.	Indirect subsidiary wholly owned by the Company
SYNNEX DISTRIBUTIONS (CHINA) LTD.	Indirect subsidiary wholly owned by the

Names of related parties	Relationship with the Company
	Company
Synnex Technology International (HK) Ltd. and its subsidiaries	Indirect subsidiary wholly owned by the Company
BESTCOM INFOTECH CORP	Subsidiary which has 94.09% of shares owned by the Company
Bizwave Tech Co., Ltd.	Indirect subsidiary wholly owned by the Company's subsidiary - Bestcom Infotech Corp.
Associates:	
Synnex (Thailand) Public Company Ltd. and its Subsidiaries (Synnex Thailand)	King's Eye's investee accounted for using equity method
Synnex FPT Joint Stock Company	King's Eye's investee accounted for using equity method

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2018	2017
Sales of goods:		
－Subsidiaries	$ 2,766,675	$ 2,785,864
－Associates	54	-
－Other related parties	229,049	171,019
	$ 2,995,778	$ 2,956,883

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 25~150 days of the date of statement.

B. Purchases of goods

	Years ended December 31,	
	2018	2017
Purchases of goods:		
－Subsidiaries		
SAL	$ 4,156,052	$ 7,001,794
Other	162,017	198,212
Subtotal	4,318,069	7,200,006
－Other related parties	29	-
	$ 4,318,098	$ 7,200,006

The receivables from related parties arise mainly from sale transactions.

The collection term for related parties is within 60 days of the date of statement. The collection term for third parties is within 1~120 days after receipt of goods or 7 ~ 90 days from the first day of the month following the month of the receipt.

C. Receivables from related parties

	December 31, 2018	December 31, 2017
Receivables from related parties:		
－Subsidiaries	$ 86,994	$ 108,182
－Other related parties	73,922	61,634
	$ 160,916	$ 169,816

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.

D. Payables to related parties

	December 31, 2018	December 31, 2017
Accounts payable:		
－Subsidiaries	$ 36,889	$ 126,670
－Other related parties	17	97
	$ 36,906	$ 126,767

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

E. Other transactions

The details of other receivables, other payments on behalf of others, dividend receivables and dividend income arising from lease service that the Company provides to related parties are as follows:

	December 31 , 2018		December 31, 2017	
	Other receivables	Other payables	Other receivables	Other payables
－Subsidiaries	$ 491,730	$ 63,351	$ 647,977	$ 8,360
－Associates	312	-	106	-
－Other related parties	-	-	-	1,927
	$ 492,042	$ 63,351	$ 648,083	$ 10,287

	Years ended December 31,	
	2018	2017
Other income		
－Subsidiaries		
SAL	$ 148,037	$ 146,389
Synnex Australia	195,671	184,551
Synnex Global	112,383	94,168
Synnex Distributions (China) Ltd.	128,085	115,086
Other	135,323	130,221
Subtotal	719,499	670,415
－Other related parties	153,705	118,929
	$ 873,204	$ 789,344

F. Financing activities

(a)Receivables from related parties (recorded in ‘Other receivables due from related parties)

	December 31, 2018	December 31, 2017
Subsidiaries		
Seper Technology Corporation	$ 430,357	$ -
Synnex Global	3,076,500	2,981,000
Other	156,918	75,970
	$ 3,663,775	$ 3,056,970

(b)Payables to related parties (recorded in ‘Other payables to related parties’)

	December 31, 2018	December 31, 2017
Subsidiaries		
Synnex Global	$ 286,115	$ -

(c)Interest income

	Years ended December 31,	
	2018	2017
Subsidiaries		
Synnex Global	$ 73,330	$ 49,216
Other	3,839	757
Total	$ 77,169	$ 49,973

For the years ended December 31, 2018 and 2017, interests arising from loans to subsidiaries were received based on annual interest rate ranged between 1.08% and 2.88%.

G. Endorsements and guarantees provided to related parties

Details of financing and purchasing guarantees provided for subsidiaries' bank borrowings are as follows:

	December 31, 2018	December 31, 2017
Subsidiaries		
Synnex Global	$ 25,227,300	$ 28,200,260
SAL	9,266,418	8,108,320
Synnex Technology International (HK) Ltd.	8,183,999	8,031,607
Other	9,470,970	9,168,556
Total	$ 52,148,687	$ 53,508,743

H. Property transactions

(a) Acquisition of property, plant and equipment

	Years ended December 31,	
	2018	2017
Subsidiaries	$ 33,785	$ 45,170

As of December 31, 2018 and 2017, other payables (recorded in 'Other payables to related parties') arising from above transactions amounted to $3,383 and $26,290, respectively.

(b) Disposal of financial assets

				Year ended December 31, 2017	
Counterparty	Recorded items	No. of shares	Disposed assets	Disposal proceeds	(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, 2018.

(3) Key management compensation

	Years ended December 31,	
	2018	2017
Short-term employee benefits	$ 119,260	$ 96,000
Post-employment benefits (Note)	4,860	3,320
Total	$ 124,120	$ 99,320

Note: Benefits are provisions that are not actually distributed.

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2018	December 31, 2017	Purpose
Other non-current assets:			
Pledged time deposits	$ 721,870	$ 720,736	Guarantees for purchases; short-term secured loans and promissory notes.
	$ 721,870	$ 720,736	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. As of December 31, 2018 and 2017, the Company issued promissory notes to guarantee the suppliers' credit limit amounting to $900,787 and $876,497, respectively, for inventory purchases.

B. 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, and the Company lost the lawsuit in the third quarter of 2018. However, the possibility of the litigation is dependent upon the verdict of the third party lawsuit. Fairchild won the third party lawsuit in accordance with the judgement made by the United States District Court in the first stance (no compensation would be paid to the third party). Subsequently, the third party filed an appeal to the court of second instance, and the lawsuit is still under the assessment of the court. As the result of the litigation is uncertain, therefore, the Company has not estimated the potential losses in the financial statements.

(2) Commitments

Operating lease agreements

The Company 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, 2018	December 31, 2017
Not later than one year	$ 63,418	$ 69,492
Later than one year but not later than five years	223,008	17,336
Later than five years	-	-
Total	$ 286,426	$ 86,828

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriations of 2018 earnings had been proposed at the Board of Directors' meeting on March 13, 2019, please refer to Note 6(16).

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company 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 parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt.

During 2018, the Company's strategy was unchanged from 2017. The gearing ratios at December 31, 2018 and 2017 were 48% and 47%, respectively.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	$ 45,742	$ -
Current financial assets at fair value through other comprehensive income		
Designation of equity instrument	960,978	-
Non-current financial assets at fair value through other comprehensive income		
Designation of equity instrument	1,532,974	-
Current available-for-sale financial assets	-	1,351,569
Non-current financial assets at cost	-	1,691,359
Financial assets at amortised cost /Loans and receivables		
Cash and cash equivalents	565,688	582,125
Notes receivable, net	393,970	303,251
Notes receivable due from related parties, net	31,005	22,118
Accounts receivable, net	4,939,370	5,228,711
Accounts receivable due from related parties, net	129,911	147,698
Other receivables	571,920	814,169
Other receivables due from related parties	4,155,817	3,705,053
Other non-current assets, guarantee deposits paid	26,804	26,287
-Long-term overdue accounts and notes receivable	8,030	13,005
-Pledged time deposits	721,870	720,736
	$ 14,084,079	$ 14,606,081

		December 31, 2018		December 31, 2017
Financial liabilities				
Financial liabilities at amortised cost				
Short-term borrowings	$	29,990,000	$	26,201,000
Short-term notes and bills payable		7,350,000		8,290,000
Notes payable		350,324		207,291
Notes payable to related parties		20,223		8,688
Accounts payable		3,516,492		4,025,201
Accounts payable to related parties		16,683		118,079
Other payables		836,360		1,045,683
Other payables to related parties		352,849		36,577
Other non-current liabilities-guarantee deposits received		1,394		1,301
	$	42,434,325	$	39,933,820

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require company companies to manage their foreign exchange risk against their functional currency. The Company companies are required to hedge their entire foreign exchange risk exposure with the Company treasury.

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

	December 31, 2018			
	Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 100,329	30.77	$	3,087,123
Investments accounted for using equity method				
USD:NTD	$ 2,247,432	30.77	$	69,153,475
Financial liabilities				
Monetary items				
USD:NTD	$ 291	30.77	$	8,954

	December 31, 2017			
	Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 119,732	29.81	$	3,569,211
Investments accounted for using equity method				
USD:NTD	$ 2,133,582	29.81	$	63,602,078
Financial liabilities				
Monetary items				
USD:NTD	$ 3,513	29.81	$	104,723

iv. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017, amounted to $148,522 and ($279,519), respectively.

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

	Year ended December 31, 2018		
	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%	$ 30,871	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 90)	$ -

	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%	$ 35,692	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 1,047)	$ -

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company'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, 2018 and 2017 would have increased/decreased by $457 and $13,516, 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 $24,940 and $13,516, respectively, as a result of other comprehensive income classified as available-for sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2018 and 2017, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2018 and 2017 would have increased/decreased by $6,795 and $7,934, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages their credit risk taking into consideration the entire company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Management. The utilisation of credit limits is regularly monitored.

iii. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition after taking into consideration the historical experiences.

iv. In accordance with historical collections and customers' credit rating levels, the default occurs when the contract payments are past due over certain periods classified based on the credit rating of customer.

v. The Company classifies customers' notes and accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The Company will continue executing the recourse procedures to secure their rights on those defaulted financial assets. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. For the year ended December 31, 2018, the Company's written-off financial assets that are still under recourse procedures amounted to $63,538.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable (including related parties), accounts receivable (including related parties) and overdue receivables. On December 31, 2018, the loss rate methodology is as follows:

	Group A	Group B	Group C	Group D	Total
December 31, 2018					
Rate	0.001%~0.3%	15%	50%	100%	
Total book value	$ 5,496,440	$ 9,001	$ 758	$ 2,466	$ 5,508,665
Loss allowance	$ 2,184	$ 1,350	$ 379	$ 2,466	$ 6,379

viii. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable (including related parties), accounts receivable (including related parties) and overdue receivable are as follows:

	Year ended December 31, 2018			
	Notes receivable	Accounts receivable	Overdue receivables	Total
At January 1_IAS 39	$ 130	$ 2,148	$ 66,426	$ 68,704
Adjustments under new standards	-	-	-	-
At January 1_IFRS 9	130	2,148	66,426	68,704
Provision for (reversal of) impairment loss	40	(134)	1,307	1,213
Write-offs	-	-	(63,538)	(63,538)
At December 31	$ 170	$ 2,014	$ 4,195	$ 6,379

ix. Credit risk information as of December 31, 2017 is provided in Note 12(4)

(c) Liquidity risk

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

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

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

Non-derivative financial liabilities:				
December 31, 2018	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 30,009,722	$ -	$ -	$ 30,009,722
Short-term notes and bills payable	7,350,791	-	-	7,350,791
Notes payable (including related parties)	370,547	-	-	370,547
Accounts payable (including related parties)	3,533,175	-	-	3,533,175
Other payables (including related parties)	1,189,209	-	-	1,189,209
Deposits received	-	-	1,394	1,394

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 26,215,822	$ -	$ -	$ 26,215,822
Short-term notes and bills payable	8,291,266	-	-	8,291,266
Notes payable (including related parties)	215,979	-	-	215,979
Accounts payable (including related parties)	4,143,280	-	-	4,143,280
Other payables (including related parties)	1,082,260	-	-	1,082,260
Deposits received	-	-	1,299	1,299

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

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in 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 Company’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 Company’s investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), other non-current receivables-guarantee deposits paid, other non-current assets-long-term overdue accounts and notes receivables, other non-current assets-pledged time deposits, short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties) and other payables (including related parties) and other non-current liabilities-guarantee deposits received) approximate to their fair values.

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, 2018 and 2017 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 45,742	$ -	$ -	$ 45,742
Financial assets at fair value through other comprehensive income-current				
Equity securities	777,173	104,816	78,989	960,978
Financial assets at fair value through other comprehensive income-non-current				
Equity securities	-	1,391,666	141,308	1,532,974
Total	$ 822,915	$ 1,496,482	$ 220,297	$ 2,539,694

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 1,217,586	$ 56,029	$ 77,954	$ 1,351,569

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. For the instruments the Company used market quoted prices as their fair values (that is, Level 1), listed shares use closing price at the balance sheet date.

ii. 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 parent company only balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

v. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company’s credit quality.

D. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2018 and 2017:

	2018	2017
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 77,954	$ 75,096
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	(24,954)	2,858
Translation adjustments under IFRS 9	239,834	-
Capital deducted by returning cash	(72,537)	-
At December 31	$ 220,297	$ 77,954

F. For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

G. 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.

H. 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, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 78,989	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	141,308	Net assets value	Note applicable	-	Note applicable

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	$	77,954	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value

I. The Company 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, 2018			
			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%	$ -	$ -	$ 7,889	($ 7,889)
Equity instrument	Net assets value	± 1%	$ -	$ -	$ 1,413	($ 1,413)

			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%	$ -	$ -	$ 7,795	($ 7,795)

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

(a) Available-for-sale financial assets

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

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

iii. 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’.

(b) Loans and 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.

(c) Impairment of financial assets

i. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a company 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 company of financial assets that can be reliably estimated.

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

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

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

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

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

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

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

(vii) 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;

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

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

(i) 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.

(ii) 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.

(iii) 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.

B. The reconciliations of carrying amount of financial assets (including allowance for impairment) transferred from December 31, 2017, IAS 39, to January 1, IFRS 9, were provided in Note 3(1).

C. The significant accounts as December 31, 2017, are as follows:

(a) Available-for-sale financial assets

	December 31, 2017
Current items:	
Listed (TSE and OTC) stocks	$ 817,498
Non- Listed (TSE and OTC) stocks	272,050
Subtotal	1,089,548
Valuation adjustment of available-for-sale financial assets	403,903
Accumulated impairment - available-for-sale financial assets	(141,882)
Total	$ 1,351,569

i. The Company recognised $629,415 in other comprehensive income for fair value change for the year ended December 31, 2017. Due to the sale of equity investments, the amount reclassified from equity to current periods' profit (loss) was $407,864.

ii. As of December 31, 2017, no available-for-sale financial assets held by the Company were pledged to others.

(b) Financial assets measured at cost

	December 31, 2017
Non-current items:	
Non- Listed (TSE and OTC) stocks	$ 1,716,010
Accumulated impairment-financial assets measured at cost	(24,651)
Total	$ 1,691,359

i. According to the Company'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 Company classified those stocks as 'financial assets measured at cost'.

ii. As of December 31, 2017, no financial assets measured at cost held by the Company were pledged to others.

(c) Notes receivable

	December 31, 2017
Notes receivable	$ 303,381
Less: Allowance for bad debts	(130)
	$ 303,251

(d) Accounts receivable and overdue receivables

	December 31, 2017
Accounts receivable	$ 5,230,859
Less: Allowance for bad debts	(2,148)
	5,228,711
Overdue receivables (recorded as other non-current assets)	79,431
Less: Allowance for bad debts	(66,426)
	13,005
	$ 5,241,716

Overdue receivables consist primarily of amounts due from customers under bankruptcy proceedings and are stated at their estimated net realizable value.

D. Credit risk information for the year ended December 2017 are as follows:

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

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

(c) The ageing analysis of financial assets that was not impaired is as follows:

	December 31, 2017
Not past due	$ 4,816,436
Up to 60 days past due	383,848
60-120 days past due	10,241
121-180 days past due	1,867
More than 181 days past due	29,324
	$ 5,241,716

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

(d) Movement analysis of financial assets that were impaired is as follows:

i. Notes receivable

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 113	$ 113
Reversal of impairment loss during the year	-	17	17
At December 31	$ -	$ 130	$ 130

ii. Accounts receivable and overdue receivables

	2017		
	Individual provision	Group provision	Total
At January 1	$ 64,990	$ 1,731	$ 66,721
Provision for impairment	1,436	417	1,853
At December 31	$ 66,426	$ 2,148	$ 68,574

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

(f) 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 Company utilises certain credit enhancement instruments when necessary; for example: require customers to pay in advance or provide collaterals to lower the customers’ credit risk.

(5) Effects of initial application of IFRS 15 and information on application of IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below.

Sales of goods

The Company 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 Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The revenue recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	December 31, 2017
Sales revenue	$ 45,283,076
Service revenue	403,423
Total	$ 45,686,499

C. The effects and description of current balance sheet items if the Company continues adopting above accounting policies are as follows:

	December 31, 2018		
Balance sheet items	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Other payables	$ 836,360	$ 1,111,621	($ 275,261)
Other non-current liabilities	275,261	-	275,261

Comprehensive income statement items: None.

Details of changes in accounting policies are provided in Note 3(1).

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) in the Company's consolidated financial statements for the year ended December 31, 2018.

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

None.